John W. Kane, Fredonia.
Charles H. Roser, Glidden.
Raynold G. Lidbom, Grantsburg.
Wellen G. Hartson, Greenwood.
Rudolph Zimmer, Hilbert.
Oscar E. Hoyt, Iron Ridge.
Emy M. Mollenhoff, Iron River.
Samuel P. Van Dyke, Kilbourn.
Albert H. Fries, Lone Rock.
John H. McNown, Mauston.
Frank Wachter, Melrose.
Walter H. Smith, Mondovi.
Edward J. Blum, Monticello.
Joseph G. Miller, Muscoda.
William W. Goynes, National Home.
Anton C. Martin, Nillsville.
Harriet N. Apker, North Freedom.
Fred M. Neumann, Norwalk.
William F. Sommerfield, Oakfield.
William Denomie, Odanah.
Jessie S. Hammond, Onalaska.
Paul Herbst, Park Falls.
Wilber E. Hoelz, Random Lake.
Monroe V. Frazier, Readstown.
James R. Stone, Reedsburg.
Harry W. Field, Rice Lake.
Eugene D. Recob, Richland Center.
Alfred H. Fischer, Ripon.
Mamie Auger, Saxon.
Robert M. Nichols, Sheboygan Falls.
Russell D. Stouffer, Shell Lake.
Leo Joerg, South Milwaukee.
William N. White, Waterloo.
Martin F. Walter, West Bend.

WITHDRAWAL

Executive nomination withdrawn from the Senate January 10 (legislative day of January 5), 1925

POSTMASTER

MINNESOTA

William E. Paulson to be postmaster at Benson in the State of Minnesota.

HOUSE OF REPRESENTATIVES

SATURDAY, *January 10, 1925*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We would offer tributes of praise and gratitude unto Thy name, O Lord Most High. In this solemn presence may we rededicate ourselves to righteous duty, righteous authority, and above all to a righteous God. Do Thou fulfill in us the purposes of Thy holy will. Create within us a deeper desire to grow in knowledge and love for the truth. May our devotion to Thee and our country be as a sacred flame. Touch all hearts that are hurt and sweeten all cups that are bitter and fill our lives with goodness and happiness. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had insisted upon its amendments to the bill (H. R. 10982) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1926, and for other purposes, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. WARREN, Mr. SMOOT, Mr. STERLING, Mr. OVERMAN, and Mr. HARRIS as the conferees on the part of the Senate.

ENROLLED BILLS SIGNED

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 2309. An act for the relief of Robert Laird, sr.; and

H. R. 9076. An act to amend section 2 of the act entitled "An act to provide the necessary organization of the customs service for an adequate administration and enforcement of the tariff act of 1922 and all other customs revenue laws," approved March 4, 1923.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bills:

H. R. 2309. An act for the relief of Robert Laird, sr.; and

H. R. 9076. An act to amend section 2 of the act entitled "An act to provide the necessary organization of the customs service for an adequate administration and enforcement of the tariff act of 1922 and all other customs revenue laws," approved March 4, 1923.

PRINTING THE MEMORIAL ADDRESS ON LATE PRESIDENT WOODROW WILSON

Mr. KIESS. Mr. Speaker, I present a privileged resolution from the Committee on Printing.

The SPEAKER. The gentleman from Pennsylvania presents a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 394

Resolved, That 22,000 additional copies of Senate Document No. 174, Sixty-eighth Congress, second session, entitled "Memorial address delivered before a joint session of the two Houses of Congress December 15, 1924, in honor of Woodrow Wilson, late President of the United States, by Dr. Edwin Anderson Alderman," be printed for the use of the House, to be distributed through the folding room.

Mr. GARRETT of Tennessee. Mr. Speaker, may I ask the gentleman a question? There was a resolution, as the gentleman knows, taken up by unanimous consent——

Mr. KIESS. You mean to authorize the printing?

Mr. GARRETT of Tennessee. Yes. That was passed the day after the address was delivered, but has not passed the Senate so far as I know. It was a concurrent resolution and provided for the printing of 25,000 copies, 17,000 for the use of the House, and 8,000 for the use of the Senate. As the Chair will remember, that resolution was taken up by unanimous consent at my request on the day after the memorial address was delivered. I did not confer with the gentleman, but simply followed the precedent that was fixed in the case of the address on the late President Harding. Is this to be in addition to the copies authorized in that resolution?

Mr. KIESS. This is in addition. At the present time there are no copies available. The Senate a few days ago passed a Senate resolution providing for the printing, I think, of 20,000 additional copies for use of the Senate, and the gentleman from South Carolina [Mr. STEVENSON], of the Committee on Printing, introduced this resolution, and the printing is being held up at the Government Printing Office until we can take some action so that all can be printed at the same time.

Mr. GARRETT of Tennessee. And these will go through the folding room?

Mr. KIESS. Yes.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. KIESS. I yield.

Mr. GARNER of Texas. How many do you provide for in this resolution?

Mr. KIESS. Twenty-two thousand, in order to give 50 copies to each Member.

Mr. GARNER of Texas. That illustrates what usually happens. I think I asked the gentleman from Tennessee [Mr. GARRETT] at the time if the gentleman intended for them to go through the folding room, and I understood they were to go through the folding room, but they went to the document room. This simply illustrates that they ought never to be sent to the document room, but should go to the folding room because gentlemen sitting around me here, as well as myself, have been unable to get a single copy from the document room. Somebody "hogged" them all. That is all there is to it.

Mr. STEVENSON. Mr. Speaker, I want to correct any misapprehension right there. What the gentleman has stated is true, but those that were printed were not printed as a result of the resolution which was passed here. They are still to be printed. Those that were printed were printed under the power of the Printing Committee, which had $200 worth of them printed, and that limited number of copies went to the document room.

Any copies that are now printed under a general resolution, whether it provides that they shall go through the folding room or not, must go through the folding room, because the statute so provides, and the copies provided by the resolution of the gentleman from Tennessee [Mr. GARRETT] will go through the folding room, and in this resolution we have taken the precaution to put in the resolution itself that they shall go through the folding room.

Mr. GARNER of Texas. May I ask the gentleman from Tennessee what is the matter with his resolution?

Mr. GARRETT of Tennessee. I do not know. I do not think the Senate has acted upon it.

The SPEAKER. The Chair thinks the gentleman is mistaken about that. It has been acted on by the Senate.

Mr. STEVENSON. I can tell the gentleman about that also. It is a handsome volume that is being printed, with a handsome photograph of the former President in the front of it, and they had to make the cut and prepare the binding, and that is what is delaying it.

Mr. KIESS. Mr. Speaker, I move the adoption of the resolution.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

REFUND OF TAXES ON DISTILLED SPIRITS

Mr. GREEN, chairman of the Committee on Ways and Means, presented a privileged report on the bill (H. R. 10528) to refund taxes paid on distilled spirits in certain cases, which was referred to the Committee of the Whole House on the state of the Union.

CONSOLIDATION OF NATIONAL BANKING ASSOCIATIONS

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes.

Mr. WINGO. Mr. Speaker, in order to jog up the absent Members I ask that the vote on the motion be taken by tellers.

Tellers were ordered; and the Chair appointed as tellers the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Arkansas [Mr. WINGO].

The House divided; and the tellers reported that there were 50 ayes and no noes.

Mr. RUBEY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will bring in the absent Members, and the Clerk will call the roll. All those in favor of the motion of the gentleman from Pennsylvania to go into Committee of the Whole House on the state of the Union will answer "aye," and those opposed will answer "no."

The question was taken; and there were—yeas 307, nays 4, answered "present" 1, not voting 119, as follows:

[Roll No. 23]

YEAS—307

Ackerman	Brumm	Davis, Tenn.	Hadley
Aldrich	Buchanan	Dickinson, Iowa	Hall
Allen	Bulwinkle	Dickinson, Mo.	Hammer
Allgood	Burdick	Doughton	Hardy
Almon	Burtness	Dowell	Harrison
Anderson	Busby	Doyle	Hastings
Andrew	Butler	Drane	Haugen
Anthony	Byrnes, S. C.	Driver	Hawes
Aswell	Byrns, Tenn.	Dyer	Hawley
Ayres	Cable	Elliott	Hayden
Bacharach	Campbell	Evans, Mont.	Hersey
Bacon	Cannon	Fairfield	Hickey
Bankhead	Carter	Faust	Hill, Ala.
Barbour	Casey	Fenn	Hill, Wash.
Barkley	Celler	Fisher	Hoch
Beck	Chindblom	Fleetwood	Holaday
Beers	Christopherson	Foster	Hooker
Begg	Clarke, N. Y.	Frear	Howard, Nebr.
Bell	Cleary	Fredericks	Howard, Okla.
Berger	Cole, Iowa	Free	Huddleston
Bixler	Cole, Ohio	Freeman	Hudson
Black, N. Y.	Collier	French	Hudspeth
Black, Tex.	Colton	Frothingham	Hull, Iowa
Bland	Connally, Tex.	Fuller	Hull, Morton D.
Blanton	Connery	Funk	Hull, William E.
Bloom	Cook	Gallivan	Jacobstein
Boies	Cooper, Ohio	Gambrill	James
Box	Cooper, Wis.	Garber	Jeffers
Boyce	Cramton	Gardner, Ind.	Johnson, Ky.
Brand, Ga.	Crisp	Garner, Tex.	Johnson, S. Dak.
Brand, Ohio	Croll	Garrett, Tex.	Johnson, Tex.
Briggs	Crosser	Gasque	Johnson, Wash.
Britten	Crowther	Goldsborough	Johnson, W. Va.
Browne, N. J.	Cullen	Green	Jones
Browne, Wis.	Dallinger	Griest	Kearns
Browning	Darrow	Guyer	Keller

Kelly	Major, Mo.	Reece	Taylor, W. Va.
Kendall	Manlove	Reed, Ark.	Temple
Kerr	Mapes	Reid, Ill.	Thatcher
Ketcham	Merritt	Robinson, Iowa	Thomas, Okla.
Kiess	Michener	Romjue	Tillman
Kincheloe	Miller, Ill.	Rosenbloom	Tilson
Kindred	Miller, Wash.	Rouse	Timberlake
King	Minahan	Rubey	Tucker
Kopp	Moore, Ga.	Sabath	Tydings
Kurtz	Moore, Ohio	Salmon	Underhill
Kvale	Moore, Va.	Sanders, Ind.	Underwood
LaGuardia	Moores, Ind.	Sanders, N. Y.	Upshaw
Lampert	Morehead	Sandlin	Valle
Lanham	Morgan	Schafer	Vestal
Lankford	Morrow	Schneider	Vincent, Mich.
Larsen, Ga.	Murphy	Sears, Fla.	Vinson, Ga.
Lazaro	Nelson, Me.	Sears, Nebr.	Vinson, Ky.
Lea, Calif.	Nelson, Wis.	Seger	Wainwright
Leatherwood	Newton, Minn.	Shreve	Ward, N. Y.
Leavitt	Newton, Mo.	Sinclair	Wason
Lehlbach	Nolan	Sinnott	Watkins
Lilly	O'Connell, N. Y.	Smith	Watres
Lowrey	O'Connor, La.	Snell	Watson
Lozier	Oldfield	Speaks	Weaver
Luce	Oliver, Ala.	Spearing	White, Kans.
Lyon	Paige	Sproul, Ill.	White, Me.
McClintic	Park, Ga.	Stalker	Williams, Ill.
McDuffie	Parker	Steagall	Williams, Mich.
McFadden	Patterson	Stengle	Williams, Tex.
McKenzie	Peavey	Stephens	Williamson
McKeown	Peery	Stevenson	Wilson, La.
McLaughlin, Mich.	Perkins	Strong, Kans.	Wingo
McLaughlin, Nebr.	Phillips	Summers, Wash.	Winter
McReyonlds	Prall	Sumners, Tex.	Wood
McSwain	Quin	Swank	Woodruff
McSweeney	Ragon	Sweet	Woodrum
MacGregor	Rainey	Swing	Wright
Madden	Raker	Swoope	Wurzbach
Magee, N. Y.	Ramseyer	Taber	Wyant
Magee, Pa.	Rathbone	Taylor, Colo.	Yates
Major, Ill.	Rayburn	Taylor, Tenn.	

NAYS—4

Gilbert	Rankin	Sanders, Tex.	Thomas, Ky.

ANSWERED "PRESENT"—1

Garrett, Tenn.

NOT VOTING—119

Abernethy	Fish	Mansfield	Schall
Arnold	Fitzgerald	Martin	Scott
Beedy	Fulbright	Mead	Shallenberger
Bowling	Fulmer	Michaelson	Sherwood
Boylan	Geran	Milligan	Simmons
Buckley	Gibson	Mills	Sites
Burton	Gifford	Montague	Smithwick
Canfield	Glatfelter	Mooney	Snyder
Carew	Graham	Moore, Ill.	Sproul, Kans
Clague	Greenwood	Morin	Stedman
Clancy	Griffin	Morris	Strong, Pa.
Clark, Fla.	Hill, Md.	O'Brien	Sullivan
Collins	Hull, Tenn.	O'Connell, R. I.	Tague
Connolly, Pa.	Humphreys	O'Connor, N. Y.	Thompson
Corning	Jost	O'Sullivan	Tincher
Cummings	Kent	Oliver, N. Y.	Tinkham
Curry	Knutson	Parks, Ark.	Treadway
Davey	Kunz	Perlman	Vare
Davis, Minn.	Langley	Porter	Voigt
Deal	Larson, Minn.	Pou	Ward, N. C.
Dempsey	Leach	Purnell	Wefald
Denison	Lee, Ga.	Quayle	Weller
Dickstein	Lindsay	Ransley	Welsh
Dominick	Lineberger	Reed, N. Y.	Wertz
Drewry	Linthicum	Reed, W. Va.	Wilson, Ind.
Eagan	Logan	Richards	Wilson, Miss.
Edmonds	Longworth	Roach	Winslow
Evans, Iowa	McLeod	Robsion, Ky.	Wolff
Fairchild	McNulty	Rogers, Mass.	Zihlman
Favrot	MacLafferty	Rogers, N. H.	

So the motion of Mr. McFADDEN to go into Committee of the Whole House on the state of the Union was agreed to.

The following pairs were announced:

Mr. Longworth with Mr. Garrett of Tennessee.
Mr. Moore of Illinois with Mr. Arnold.
Mr. Denison with Mr. O'Connell of Rhode Island.
Mr. Treadway with Mr. Corning.
Mr. Vare with Mr. Mead.
Mr. Winslow with Mr. Deal.
Mr. Mills with Mr. Geran.
Mr. Hill of Maryland with Mr. Pou.
Mr. Gifford with Mr. Montague.
Mr. Dempsey with Mr. Linthicum.
Mr. Burton with Mr. Stedman.
Mr. Davis of Minnesota with Mr. Abernethy.
Mr. Purnell with Mr. Shallenberger.
Mr. Robsion of Kentucky with Mr. Canfield.
Mr. Snyder with Mr. Lindsay.
Mr. Strong of Pennsylvania with Mr. Weller.
Mr. Tinkham with Mr. Sullivan.
Mr. Zihlman with Mr. Wilson of Mississippi.
Mr. Morin with Mr. Martin.
Mr. Gibson with Mr. Wilson of Indiana.
Mr. Fish with Mr. Smithwick.
Mr. Edmonds with Mr. Bolling.
Mr. Clague with Mr. Sites.
Mr. Beedy with Mr. Kunz.
Mr. Connolly of Pennsylvania with Mr. Lee of Georgia.
Mr. Rogers of Massachusetts with Mr. Boylan.
Mr. Scott with Mr. Carew.
Mr. Simmons with Mr. Davey.
Mr. Evans of Iowa with Mr. Milligan.
Mr. Curry with Mr. Dominick.
Mr. Porter with Mr. Favrot.

Mr. Reed of New York with Mr. Greenwood.
Mr. Schall with Mr. Rogers of New Hampshire.
Mr. Fairchild with Mr. O'Brien.
Mr. Sproul of Kansas with Mr. Mansfield.
Mr. Fitzgerald with Mr. Buckley.
Mr. Thompson with Mr. Clark of Florida.
Mr. Wertz with Mr. Mooney.
Mr. McLeod with Mr. Drewry.
Mr. Larson of Minnesota with Mr. Fulmer.
Mr. Michaelson with Mr. Quayle.
Mr. McLafferty with Mr. O'Connor of New York.
Mr. Reed of West Virginia with Mr. Fulbright.
Mr. Tincher with Mr. Oliver of New York.
Mr. Voigt with Mr. Cummings.
Mr. Roach with Mr. Clancy.
Mr. Leach with Mr. Griffin.
Mr. Lineberger with Mr. Hull of Tennessee.
Mr. Perlman with Mr. Dickstein.
Mr. Knutson with Mr. Glatfelter.
Mr. Ransley with Mr. Collins.

The result of the vote was announced as above recorded.

The doors were opened.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. LEHLBACH in the chair.

Mr. WINGO. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, the legislation which you are to consider to-day is probably of as fundamental importance to the future of the whole American people as any legislation which you will consider in this Congress, or which was considered in the Sixty-seventh Congress. A great principle is involved in the branch-banking features of this legislation. The proponents of the bill and most of those who appeared before the committee in favor of the bill, recognize the fundamental soundness of the principle of unit banking, and content themselves entirely with arguments of expediency in favor of this legislation. They said to us, "This branch banking is wrong; branch banking is undemocratic; branch banking is contrary to the principles which have controlled American banking ever since it became an established public institution in the public interest; branch banking has resulted everywhere that it has been tried in monopolistic banking. We have no brief for it; we know of no excuse for it; it is wrong; but we say you must pass this legislation, not to preserve the Federal banking system as a sound banking system, but in order to enable it to compete with State bank systems, which we say are unsound."

That is the argument we had. We had no other sort of argument from the beginning to the end except that representatives of great branch-banking systems in the State of California came before the committee and undertook to say that up to this time it had not been an evil in California; that although branch banking had spread out from municipalities into the country, that although country branches have reduced discount rates, putting local institutions out of business, it had not resulted uneconomically in California up to that time. Then came before the committee the representatives of the unit banks in California, and they told a very different story, a very much larger story, and a very striking story of the effect of branch banking in a great State where it is carried to the point it had been carried in California. They told us of great banking institutions, with resources of four or five million dollars, being driven out of business by the unfair methods of the branch-bank systems.

They told us about the Bank of Santa Maria, with resources of over $4,000,000, which—during the summer of 1920, I think—was met, as many banks were, by a period of depression. We were told that a great branch-banking system asked them to sell out, and they said, "No; they would not sell out"; and then we were told that this branch-banking system actually came and bought up $80,000 of its savings-bank deposits for the purpose of trying to put it out of business, presenting them all for payment on the same day. We were told then that the Bank of Santa Maria was compelled eventually not to sell out to this branch-banking system but to sell out to one of its competitors to keep from going into liquidation.

Those are not pleasant things to hear, and before I go any further I want to emphasize the fact that there is no prejudice involved in anything which I have said or am about to say. The branch-banking situation in the State of Maryland has not progressed to a point where the principle of unit banking or the principle of branch banking has been able to assert its effect, so that the situation is not acute in Maryland.

What is the condition in a community where there is unit banking? Before going into that I want to emphasize the fact that this bill is a branch banking bill, and it must be approached from that standpoint. Tell me that in municipalities of over 100,000 inhabitants you can have a branch bank with an unlimited number of branches and then not have branch banking throughout the State! Suppose the banks in Philadelphia and the banks in Pittsburgh establish branches and that the result is—and it must be the result, because it has been the result everywhere else—that unit banks are gradually absorbed until practically the financial resources of those two great cities are in one or two banking groups. They constitute the reserves of the country banks; they are in close touch with the country banks. There is no closer business relationship that I know of than that which exists between a city reserve and its country correspondent. Suppose they become successful in branch banking. Naturally as business men they want to spread. They go into the country and ask the cooperation of their country bankers, their correspondents, in having this legislation changed so that restrictions outside of the municipality may be done away with. The country banker at first demurs. He does not think it is the right thing to do. Then they go to some prominent man in the country who is a country banker, and they say, "Here, we have thought for some time we needed a director in our bank in your community, and we have selected you, and we want you to be a director in our city institution, with its branches." Of course, he becomes a director. That is the first step. Then they ask him, as a director in their branch-bank system, to assist them in changing this legislation. He goes to his Congressman and tells the Congressman that an effort is going to be made at the next session of Congress to extend this branch banking from the municipality to the country, and he asks him to support that legislation.

I tell you Members of the Sixty-eighth Congress that if this legislation is passed you will have certainly within less than 10 years universal branch banking in the United States. The last publication of the Federal reserve system tells us that one-third of the financial resources of this country are now in the hands of branch banking systems. Suppose this legislation is passed, and the national banks go into the branch bank business. The natural resistance of the American people against branch banking becomes less and less. If the financial resources of the municipalities in the States which now permit branch banking get into the control of the branch banking systems, then in a few years there will not be one-third of the total financial resources in the hands of the branch bank systems but two-thirds. Then where will come the resistance against further branch-banking legislation? One of the members of our committee for months and months in the course of these discussions said, "No, we do not want to let the camel get his nose under the tent," but by this legislation you are not only letting him get his nose under the tent, but you are letting him get his hump under the tent, because there can be no other result of this legislation except further legislation along the same line.

I have here a copy of the Magazine of Wall Street, of January 3, 1925. It is published at 42 Wall Street, and it can fairly be presumed to represent the inmost thoughts of that financial center. What do I find there? I find a picture of the Bank of Montreal, a magnificent marble building and in front of it a small shack, with the sign "Bank of Montreal" upon it, and underneath the picture the following legend:

> The Canadian reading a well-known name nailed up above a shack on the fringes of his country sees not merely the makeshift quarters of a new branch, but bulking large behind it the head office, impressive with the dignity of a business record stretching back over 100 years.

Then in the course of the article of which that is an illustration, I find this statement:

> One of the provisions of the Canadian banking act is that no bank can be chartered with less than a half million dollars capital.

Just think of it—a half million dollars capital! The article continues:

> This large capital required discourages the establishment of new banks, but if it keeps the Yellowstone Jacks on the range—

And that is, the farmer—

> doing what they were intended to do, and what they know best how to do, it does not sound so bad.

Do not let us delude ourselves, my friends, with the idea that this is not straight out branch banking legislation with all that that implies. A man knows more about his local situation than he does of anything else. I can remember when, down in my county, there was one bank, and if you wanted to have a note discounted there you had to carry to it not a note but a petition.

I can remember when the operations of that bank directorate was conducted largely as if they were conferring largess on a benighted multitude. I can remember when it was almost impossible to get capital to start an independent business, simply because the established businesses were in the hands of those who controlled that institution, and there was no object for them to extend credit to one who wanted to begin an independent business. That is not the condition any more in my county. Independent unit banking, competitive banking, is the advance guard of democracy itself under modern conditions. [Applause.] You show me a community where there is real competitive independent banking and I will show you a community where there is equality of economic opportunity, and that is democracy, the very best democracy that we know anything about. You show me a community which is dominated by monopolistic banking and I will show you a community where the only way to get along is to suppress yourself and try in one way and another to make yourself a spoke in the wheel of that monopoly.

Now, my friends, I, of course, have not a monopoly of wisdom on this thing. It is a thing I have thought about for years and years. I have never personally felt the hardship of it. I have never sought personally a loan I did not receive; I never wanted one I did not look for; but I have seen the effect of this thing. I know what it means, and I know if our people ever get under the control of this situation again—and that is what the extension of branch banking means—it will take almost a political revolution to get us out from under it. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has seven minutes remaining.

Mr. GOLDSBOROUGH. Why, my friends, a great city—the city of Philadelphia, the city of New York, the city of Chicago, the city of Baltimore—gets under the domination of a banking monopoly. What does that mean? Does that mean only banking? Oh, no. Who will control the newspapers where these monopolies exist. The people who control the finances will control the press, and the people who control the finances and the press will control the political activities, and there is no way on earth to get out from under it except for it to become so corrupt, so inefficient, so dictatorial, and so unsound as to cause a political revolution. Why and how can people's opinion on fundamentals change as rapidly as they have seemed to change? In 1922, in October, only a little more than two years ago, the American Bankers' Association adopted the following resolution:

Resolved by the American Bankers' Association, That we view with alarm the establishment, express our disapproval of and opposition to branch banking in any form in the United States.

They say, "Branch banking in any form in the United States."

Resolved, That we regard branch banking, or the establishment of additional offices by banks, as detrimental to the business interests of the people of the United States. Branch banking is contrary to public policy, violates the sacred principles of our Government, and concentrates the credit of the Nation and the power of money in the hands of the few.

That is the resolution that the American Bankers' Association passed only two years ago.

Mr. NELSON of Wisconsin. Is it not true that they have twice before passed substantially the same resolution?

Mr. GOLDSBOROUGH. I think that is so.

Mr. BLANTON. Is that their position now?

Mr. GOLDSBOROUGH. It is not.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. BYRNS of Tennessee. What does the gentleman say in reply to the argument that, in those States where branch banking is permitted the State banks, unless the members of the Federal reserve system will do likewise, it will result in breaking down the Federal reserve system?

Mr. GOLDSBOROUGH. I have this to say, that branch banking in States like California, where it has been carried nearly to its final limits, there has been almost a revolution. The people there are seeing the effects of it, and in my judgment in a short time it will be broken up in California, and the people of New York and of Ohio, and of other States will see what happened there, and that situation will create a wholesome public sentiment throughout the United States, and that if we let the States themselves work on this situation and keep their bank policy sound in a short time the banking situation will be reestablished on sound lines. That is what I think, and I think that is the remedy rather than for us to disregard the principle and do something for the sake of expediency which we think is wrong.

Mr. CELLER. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. CELLER. Have not a great many of the national banks surrendered their national charters because they could not compete in States where they allow the State institutions to have branches in States where the Federal reserve system have branches?

Mr. GOLDSBOROUGH. I have no doubt of it.

Mr. CELLER. I have in mind the Irving National Bank, where they could not compete, and they surrendered their national charter and opened a great many branches.

Mr. GOLDSBOROUGH. I have no doubt of it. But there are 48 States, and if we allow each one of them to work this thing out for themselves they will find out that it is wrong, and they will reestablish their banking on a sound basis, and the national bank system will be left in its integrity.

Mr. CELLER. How do you answer this proposition—that national banks really operate branches now?

Mr. GOLDSBOROUGH. They do that because they took over State banks that had branches in operation.

Mr. CELLER. Will they not do that eventually, so that your proposition will not get around that?

Mr. GOLDSBOROUGH. I do not think so.

Mr. WILLIAMS of Texas. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. WILLIAMS of Texas. How many branch banks are operating in California at the present time?

Mr. GOLDSBOROUGH. I can not answer that.

Mr. WILLIAMS of Texas. Is it not a fact that the exercise of the right of State banks in California to establish branch banks has driven the national banks out of the State of California?

Mr. GOLDSBOROUGH. It has driven a lot of national banks out of business, but the point of saturation has been reached there. California will recognize its own situation, and it will be a shining example to the rest of the country.

Mr. WILLIAMS of Texas. If they have reached that state, will they not drive all the national banks out of existence?

Mr. GOLDSBOROUGH. It has reached that state.

Mr. WINGO. Right at that point, will the gentleman permit——

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. WINGO. I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Maryland is recognized for five minutes more.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. WINGO. My information is that the branch banking, having reached its fullest force in California, has so alarmed some of the banks that were engaged in branch banking as State banks that more than one of them is now contemplating the surrendering of State charters and becoming national banks.

Mr. GOLDSBOROUGH. That is very interesting to the committee, I will say to the gentleman from Arkansas.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. GARNER of Texas. As I understand, this bill provides, as in the case of California, if they decided that their system was not in the interest of the promotion of the State, and they repealed their law—if I understand this bill, it undertakes to carry the repeal of the national banks and granting the national banks an opportunity for branch banking in California.

Mr. GOLDSBOROUGH. That is the construction.

Mr. GARNER of Texas. What does the Supreme Court say about that? Does the gentleman say that that State has the power to contravene the act of Congress in relation to banks with a 99-year charter?

Mr. GOLDSBOROUGH. I have discussed that with the gentleman from South Carolina [Mr. STEVENSON]. He thinks they would. I doubt it myself.

Mr. NELSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. NELSON of Wisconsin. Suppose we passed this bill, and under this bill they established national banks there. Then what will California do?

Mr. GOLDSBOROUGH. The section has been so construed as to mean that if California, by legislation, does away with branch banking that will automatically prevent the national banks from engaging in branch banking.

Mr. NELSON of Wisconsin. They would have to quit, then?

Mr. GOLDSBOROUGH. They would have to stop.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. KINCHELOE. Does the gentleman contend that that would be retroactive?

Mr. GOLDSBOROUGH. I doubt very much whether it would be constitutional.

Now, in closing I will quote very briefly from the Comptroller of the Currency, who appeared before our committee in favor of this legislation. This is what he says:

Branch banking is centralized as distinguished from coordinated banking. The Federal reserve system is coordinated banking, recognizing the wisdom and necessity of coordination produced by detached, independent authority. It preserves the independent community spirit in the handling of its resources and provides mobilization and fluidity for emergency conditions.

That is what he thinks about the principle of branch banking. Here is another thing he says:

We have a situation in some States where little banks are being wiped out and the unit banks disappearing. You will find some cities where there are nothing but the branch banks of the big city institutions, where if a man wants to borrow money he can not go down to his old friend who knows him well and regards him favorably. He has got to go to the manager of the branch bank, who has about the same flexibility in meeting local conditions that the railroad agent would have.

That is another thing he says. And here is what he says on page 12 of the hearings.

Mr. GARNER of Texas. Who is this?

Mr. GOLDSBOROUGH. Mr. Dawes. He says:

I will only mention a few of the considerations which are directly corollary to the above general principles. In branch banking, character loans are impossible. By character loans is meant loans to people whose collateral is perhaps faulty from a technical standpoint, but who are entitled to credit on account of their constructive influence in the community and initiative, enterprise, and character. This applies with particular force to the young, aggressive type of man who has built up the western and pioneering sections of the country. Jim Hill, for example, at the beginning of his career, did not have the kind of collateral which would pass the scrutiny of a branch banker. The development of America is dependent on nothing more than on the independent unit bankers of vision, courage, and independence, whose first interest in the creditor is his character.

Second, the essentially monopolistic nature of branch banking can not be successfully controverted. The mere statement of developments in foreign countries which have had unrestricted branch banking is probably sufficient to demonstrate this. According to the figures published in the Bulletin of American Institute of Banking for July, 1923, in 1842 there were in England 429 banks and in 1922 only 20 banks. Of these 20 banks 5 controlled practically all of the banking of the nation. There are about 7,900 branches in operation. In Scotland there are only about 9 banks, with about 1,400 branches, and in Ireland about 9 banks, with about 800 branches. In 1885 in Canada there were 41 independent banks. Under the operation of branch banking the number was reduced to 35 by the year 1905. I am informed that at the present time there are only 14 banks in Canada, operating about 5,000 branches. There are no independent unit banks in western Canada; in fact, none west of Winnipeg. Banking control through the branch system is concentrated in the cities of Montreal and Toronto.

The coercive power of a branch banker bent on expansion is very great. He is able to temporarily reduce interest rates until he gets banking control, and the cost of this can easily be reimbursed after he has secured a monopoly. The branch banker can secure the services of the employees of the unit banks by higher salaries. They can have the patrons of their own institutions influence and compel their customers and people who depend upon them for business accommodations to transfer their accounts from the unit banks into the branch banks.

The third point which is frequently of very great importance is the ability to take care of emergency situations. When an acute emergency arises in a community it is impossible to get prompt and effective assistance where the local representative is compelled to refer back to the head office in another city. Even if the control of the institution were disposed to go to extreme lengths to relieve an emergency, by the time the necessary red tape was unrolled, the assistance would be too late.

Mr. Whipple, president of the First National Bank of Turlock, Calif., on pages 185 and 186, in discussing the coercive power of a great branch-banking system, says:

The most flagrant case of coercion on the part of a California branch bank occurred at Santa Maria. That case was threshed out before the Federal Reserve Board on September 12, 1923. The documents are on record there, but if you will permit me at this time I will just briefly go over the case. Santa Maria is a small town in a territory devoted to raising beans and barley. The depression in the barley and bean crop in 1921 was very great.

This institution—the Bank of Santa Maria—was quite unique in the banking annals of this country. Although the town has about 5,000 or 6,000 inhabitants, the Bank of Santa Maria had about $5,000,000 in deposits, with its head office in Santa Maria. There were three or four small branches surrounding the city, from about 5 to 7 miles distant. It therefore became quite attractive bait. One large branch-banking system, which desired that deposit liability, in order, I think, to swell its own totals, approached the Bank of Santa Maria and desired that it sell out to them. The Bank of Santa Maria declined to do so. At that time, when the Bank of Santa Maria was put under pressure by this other organization, the president of the bank was ill in the hospital, and the cashier, owing to demands due to the depression which were made upon him and being one of those men who are quite common in country banking, who sometimes sit up nights with a customer, was driven almost to distraction by the demands made upon him; the bank incidentally had borrowed and rediscounted with its correspondents and the Federal reserve bank about $1,000,000. Its customers were unable to sell their beans and barley. At that time, in order to coerce this institution into selling out, this large branch-banking organization——

Mr. DRUM. Why don't you give the name?

Mr. WHIPPLE. Very well; I will be glad to make it a part of the record—the coercive institution was the Bank of Italy. At that time the Bank of Italy sent a man into the country soliciting the business of the Bank of Santa Maria. It even went so far as to buy up between $60,000 and $80,000 savings deposits, held them three months, and presented them all at one time, about the middle of July, 1921, a time when there was the greatest demand for money in the community.

Shortly after that a vice president of the Bank of Italy, Mr. McDonald—not this one [referring to Mr. Mcdonnell]——

Mr. WINGO. Presented the accounts for collection?

Mr. WHIPPLE. Yes.

Mr. WINGO. What happened then?

Mr. WHIPPLE. They presented them to the Bank of Santa Maria for payment. The bank, fortunately, was able to meet the demand and paid with a smile. But shortly after that, three or four days, the vice president, Mr. McDonald, of the Bank of Italy, came around and asked the cashier of the institution, "How did you like the crack we gave you? We are going to give you another one." The heads of the institution in desperation went down to the Pacific-Southwest in Los Angeles and saw Mr. Stern, the former superintendent of banks and now the executive vice president of the Pacific-Southwest, and offered to sell the Bank of Santa Maria to the Pacific-Southwest at its own price and on its own terms. Mr. Stern so testified last fall before the Federal Reserve Board. He told them they were not ready at that time to take over any institutions, and that they could not take them over. Three months later the cashier and president of the Bank of Santa Maria went again to Los Angeles, saw Mr. Stern and his associates, and repeated the offer and it was accepted. That was the first unit institution the Pacific-Southwest took over. It went into the branch-banking business from that time on.

In discussing the constant and progressive centralization, which is a certain tendency of branch banking, Mr. Whipple says, testimony on pages 188 and 189:

But in another manner, are there points of similarity between California branch banking on the one hand and Canadian, English, French, and German branch banking on the other. Reference is made to the constantly diminishing number of branch-banking systems through mergers in all the States mentioned. Constant and progressive centralization is apparently an inherent characteristic of branch banking. If that centralization should afford a very narrow control over the credit structure, as is becoming apparent, it can not be denied that the trend would be antisocial. Let us examine it. I quote again from that very competent Canadian authority, Mr. McLeod:

> "In Canada, through mergers and other eliminations, the 'big three' banks in 1922 controlled 58.81 per cent of the banking resources of the nation against 39.11 per cent 10 years before. In 1900 there were 36 banks in Canada; in 1912, 26; in 1922, 17; and now, 14. In England, where mergers have been general for several years, suggestions of nationalization, the logical sequence, are already heard. But nationalization of banking would be a calamity. Danger is seen from possible failure of any great financial unit in the credit structure, as big banks have no more immunity from failure than small ones, a fact exemplified by the Merchants Bank collapse."

In England but five banks control over 87 per cent of the banking resources of the nation and the process of absorption continues.

On the question of interest rates where branch banks have a monopoly, testimony on page 194:

The cost of banking services and rates charged agriculturists in Canada, where branch banking is universal, should be interesting. In western Canada rates run from 6 to 12 per cent, with an average of over 8. In some sections 9 per cent is the regular rate, in spite of a statutory rate of 7 per cent. In most cases the banks get a slightly larger return still by discounting the interest in advance. Canadian banks also make a profit of no small amount by their ability, through permission granted by law, to issue currency in the amount of their capital stock which is loaned out at interest to their customers. By acknowledged agreement, Canadian banks pay but 3 per cent on term deposits as against an almost universal rate in western America of 4 per cent. It is true that Canadians may deposit their funds in loan and trust companies at a higher rate, but the record of most of such companies in Canada has been such that Canadians prefer to patronize the chartered banks in spite of their lower rate of interest on savings accounts. And Americans can get a rate even higher than 4 if they wish to.

As to whether or not large branch-banking systems are less liable to failure, we have significant testimony on pages 192 and 193 of the hearings:

Under somewhat similar conditions branch banking did not save Australia. In 1893, out of 28 banks with 1,700 branches, 13 failed in six months for £90,000,000. This necessitated a moratorium for five years. Nor is the situation in the spring-wheat section as bad as some would like to paint it. "On January 31, 1924, out of 928 member banks in the ninth Federal reserve district, the district suffering the economic collapse of the small-grain industry, 668 banks, or 72 per cent, were without obligation to the Minneapolis reserve bank and have not asked for assistance." And even by the failures in that sorely afflicted section, there has not been caused such a nation-wide concern over the soundness of the banking structure as has existed in Canada because of the failure of the Home Bank with its 78 branches, the forced absorption of the Merchants' Bank with 400 branches, and the merger of several other banks with branches because of unsatisfactory condition. These banks were broadly based, with risks supposedly diffused along the lines of insurance, with branches everywhere, yet they failed. They failed because of the shortcomings of their management, the usual cause of bank failures. And in all the recent and more distant failures of Canadian branch banks the managerial shortcomings occurred principally at the home office. In the Toronto Globe of May 13, 1922, mention is made of the defense of Mr. Macarow, late general manager of the defunct Merchants' Bank of Canada, by Mr. LaFlamme, his counsel, who stated that on account of the size of Canadian banks with their widespread branches, it was humanly impossible for any one man in the head office to be in touch with the whole system. The editor of the Globe, in commenting on this, asked, "Are our banks too big either for safety or convenience?"

California has recently witnessed a similar transaction of managerial shortcoming. In order to avoid a dismal branch-bank failure due to head-office mismanagement, one of the smaller California branch-bank systems was obliged to be taken over by two larger ones. Something has been made of the statement that California was fortunate in having such banks capable of taking over a weaker sister. But supposing it had been one of the larger which had gotten into difficulties. Would it have been taken over so assuredly and would the resulting concentration have been so palatable? The merger of the Merchants' Bank of Canada has been hailed with anything but approval. In Canada very recently the necessary merger between the Banque Nationale and the Banque d'Hochelaga was accomplished by the raising of funds through the sale by the Province of Quebec of its bonds in the amount of $15,000,000. And in South Africa, where but two great branch-banking systems—the Standard and the National Bank of South Africa—had the field to themselves, the difficulties of the latter obliged the South African Government to go to its rescue. This may be a straw indicating which way the wind will blow when through mergers and otherwise banking in both England and Canada and possibly even in California will have come under so narrow a centralization of control that the Government will be obliged to take them over.

Gentlemen of the committee, I can not urge too strongly my unyielding conviction that the American Congress should not put its approval upon the branch-banking features of this legislation, but should notify the American people that it intends to sustain the age-old democratic doctrine and principle of unit and competitive banking. [Applause.]

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The gentleman from South Carolina is recognized for 15 minutes.

Mr. STEVENSON. Mr. Chairman and gentlemen, the question of branch banking is an interesting one, but it is one upon which the committee is not divided. The gentleman from Maryland [Mr. GOLDSBOROUGH] has just made some impassioned pleas against branch banking. I demonstrated my position about that before he ever opened his mouth, and the branch-banking feature of this bill is not a partisan matter. I introduced it myself in the early days of December, 1923, as bill H. R. 3246, long before this bill was drawn, and it was noticed in the press, and when we came to the preparation of this bill the Comptroller of the Currency, who approved my measure, had it written into this bill and we all agreed on it—those who agreed to report this bill.

Mr. NELSON of Wisconsin. Mr. Chairman, will the gentleman permit a question for information?

Mr. STEVENSON. Yes.

Mr. NELSON of Wisconsin. Does not the gentleman represent a branch-bank State?

Mr. STEVENSON. Yes; I represent a branch-bank State, and I organized a bank 25 years ago, and have been president of a bank and attorney for a bank nearly all that time. I have been against branch banking, and I stand against them to-day.

Now, what is the situation, and what do we want to cure? You gentlemen are being told that there is no branch banking now under the Federal reserve system, and this is to prevent branch banking. Let us get the facts. That is all we want. How many branch banks are there in the Federal reserve system to-day? Now, mind you, this is to curb, not to extend, branch banking, and it is to put all the members of the Federal reserve system on a level with each other and without any undue discrimination against any.

Now, what is the situation to-day? You have, first, State member banks, in States that allow branches. They are in the Federal reserve system with all their branches. That is No. 1. You have, second, banks that are now national banks which were once State banks, and which establish branch banks wherever they please, and now the State banks have their branches all over the State. There is State branch banking. Then you have the national banks which have branches that they have acquired by absorbing and consolidating with State banks that had branches. And they are not limited to the municipality; they go all over the State. That is the second kind of branch banking they have in the Federal reserve system, and it has been going on since 1865. The act of 1865 still gives them that right. All that a bank which is in the national system and wants branches has to do is to go out and get a few people interested with it and organize a State bank; that is, in a State where branch banking is allowed. In such a State a bank desiring branches can have agencies or branches in a half dozen different sections, or in every county in the State. They go out and get them all fixed and then the State bank comes up and nationalizes and brings all those branches into the system; then it consolidates with the big bank that has procured it to go through that procedure, and the big bank then has its branches and they are not limited to any locality. They can have them scattered all over the State.

Mr. NELSON of Wisconsin. Will the gentleman yield, just for information?

Mr. STEVENSON. Certainly.

Mr. NELSON of Wisconsin. Because I am curious. Suppose we defeat branch banking affirmatively in this bill, would not the consolidating section in the present law make it very much easier to do this?

Mr. STEVENSON. No, sir; not a bit. They can do it as slick as a ribbon, and it has been done many times. There are banks in the city of New York to-day with 20 or 30 branches, I am informed, that they acquired in that left-hand way. It was purely a case of financial fornication of the most unblushing kind. [Laughter.] Yet they say we are establishing branch banks.

Now, let us look at another thing. Third, you have branches in the Federal reserve system established by the dictum of the Comptroller of the Currency, who has assumed to say that he can allow a national bank to establish as many agencies for receiving deposits and paying checks as he sees fit. That is the third kind of branch banking you have in the Federal reserve system, and that is not limited by law, but according to my judgment it is absolutely unlawful and unjustifiable, and that is one reason I drew this bill. I will show presently that we cut that out, root and branch.

What has been the result of that? You heard the distinguished gentleman speak of the St. Louis case yesterday, did you not? What happened there? There is a State which prohibits branch banking absolutely, and yet the Comptroller of the Currency, under his unlimited powers, and as he construes the national bank law as it stands to-day, went out there and allowed a national bank to establish branches in face of a State law prohibiting it. That is what happened, and yet you say we have no branch banking. What did they do? They put that bank there, with branches, in a State that prohibits it. The State went into court to stop it, and what happened? The Supreme Court, with a divided court, finally held that the State had a right to stop it, but Mr. Taft, Mr. Van Devanter, and Mr. Butler dissented and held that the State had absolutely no remedy and that the comptroller, without any control whatsoever upon him by legal limitation or otherwise, could give a national bank the right to put branches in a State where there are no branches allowed as a result of State legislation, and that the State had no remedy unless the courts of the United States would interfere, and they would not, as you know. Now, I call attention to the fact that one of the majority judges is off the bench and another goes off this month. How long before the minority will be the majority?

Mr. DYER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. DYER. The gentleman, in speaking of the St. Louis case, states that the then comptroller, Mr. Crissinger, gave permission to have that done?

Mr. STEVENSON. Yes.

Mr. DYER. Mr. Crissinger denied that to me, and we have been curious in St. Louis to know whether Mr. Crissinger did do it.

Mr. STEVENSON. I do not know, because that happened amongst the crowd that I am after. They are acting in violation of the right of a State to prevent branch banking if it so desires, and three justices of the Supreme Court held that a State is remediless, and I say it is time we should remedy it. So we have written a clause in the bill which we think will remedy it, and I think this is the proper time for me to call it to your attention.

Mr. TUCKER. Is that the original bill the gentleman offered?

Mr. STEVENSON. No; but this is a clause from it. You will find it on page 10 of the bill, line 16:

The term "branch" or "branches" as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned.

You take that right away from them; you take away from the comptroller the right to say that banks can maintain offices at which they can pay checks and receive deposits. You take that right absolutely away through that clause, and we have so written this bill that no power under the Federal Government shall have the right to go into a State and allow any national agency to establish or maintain any branch bank in violation of the law of the State. That is but a tardy recognition of the democracy which I represent, namely, that a State has the right to have its laws respected on great police matters like that.

Mr. NELSON of Wisconsin. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. NELSON of Wisconsin. I wish to agree with the gentleman, and I compliment him highly for that provision, and every word he has said is correct; but does the gentleman stand for the extension of branch banking?

Mr. STEVENSON. No; I stand for the curbing of it, and I will come to that now. What do we do about that? I have told you what the situation is. Now, what do we do about it? We provide that no member bank of the Federal reserve system, wherever situated, shall have a branch beyond the corporate limit of the city in which it exists. Ah, gentlemen, you may talk about monopoly, but monopoly of finance is only possible where you can cover a State like they have done in California with tentacles that are handled and manipulated by a central figure sitting in San Francisco, in that way covering the whole region and taking into its fold the business of the whole section.

That is what is monopoly. When it is all in one city it is impossible, because of the accumulations of capital in a city, for it to obtain a dominating control on the business so as to destroy the business of its competitors in any legitimate way.

So we say, first, you can not, any of you, have a branch outside of the city where you exist; second, you can not, any of you, have a branch in any State where the State law forbids it; and, third, you can not have a branch in any municipality of less than 25,000 inhabitants, because no bank needs more than one establishment in a town of 25,000 inhabitants; you can not have more than one in a city between 25,000 and 50,000, because, certainly, any bank can serve its customers with its home office and one branch in a city of that size.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. GARRETT of Tennessee. In the event a State which now permits branch banking should in the future pass a statute prohibiting it, would the national banks that have branches come within the provisions of the State law?

Mr. STEVENSON. I propose to offer an amendment which will clearly make that the case. It was the intention to do that, but some question has arisen about it.

What we propose to do is to enact a law which will automatically stop once and forever the spreading of the resources of banks all over a whole territory or a whole State or the entire country; second, to automatically conform to the policy of the State in which the national bank or the member bank is located as to this question of branch banking, and always be ready to comply and compelled to comply with the State legislation on that subject, thereby recognizing the right of the State to control its local affairs through its police regulations as to that matter.

Mr. BRIGGS. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BRIGGS. Does not the bill as now drafted legalize the institution in the establishment of branch banks by national banks?

Mr. STEVENSON. Yes; it legalizes it by limiting it. It is already legalized.

Mr. BRIGGS. I mean does it not specifically legalize it to the extent that branch banks have already been established by national banks?

Mr. STEVENSON. That has been legalized already.

Mr. BRIGGS. Then why should there be any specific action here? If it is legal already, why should there be any confirmatory decree given them by the Congress of the United States?

Mr. STEVENSON. We are not giving any confirmatory decree; we are giving a limiting decree.

Mr. CELLER. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. CELLER. I understand the bill seeks to put State member banks and national banks on a parity, is not that true?

Mr. STEVENSON. That is the proposition.

Mr. CELLER. Is the gentleman familiar with the regulations laid down by the Federal Reserve Board with reference to entrance into the Federal reserve by State banks and State trust companies?

Mr. STEVENSON. Yes; I am entirely familiar with those matters.

Mr. CELLER. Is the gentleman willing to allow an amendment of this proposed act, providing that the regulations which are now applicable to State member banks shall also apply to national banks?

Mr. STEVENSON. No; I do not propose to consent to the enactment of any regulation passed by the Federal Reserve Board on anything. I will tell you now that they are divided all to pieces, and some of them have gone wild on the subject of branch banking. If we listened to them, inside of five years we might have the most infernal monopoly of banking that ever was built up in any country, and I do not propose to begin now by enacting their regulations into law for the government of this country.

Mr. CELLER. I do not mean that. I mean is the gentleman willing to provide that any regulations issued by the Federal Reserve Board as applicable to State branch banks shall also be applicable to national branch banks?

Mr. STEVENSON. I can not conceive that the Federal Reserve Board will discriminate unjustly against any State member bank.

Mr. CELLER. We have now the situation where they do.

Mr. STEVENSON. I differ from the gentleman, but I am not going to argue that, because that is not involved in this bill.

The question here is whether, in so far as the branch-banking feature is concerned, we recognize an evil which my distinguished friend from Maryland [Mr. GOLDSBOROUGH] has portrayed, and portrayed very vividly, even to the extent of exhibiting a Wall Street magazine here that looked like it came from Russia, it was so red [laughter], and I call your attention to the fact that most of the Wall Street journals are opposed to this bill.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. May I have just two more minutes to conclude?

Mr. WINGO. I yield my friend two minutes additional. [Applause.]

Mr. STEVENSON. Now, gentlemen, to conclude and to sum up what I have said, you have now three forms of branch banking in the Federal system, and they are all of them being abused and all of them wide open. We propose now to say there shall be only one form, and it shall not be a monopolistic form, but shall be a form which is confined to the municipality where the parent bank exists and can not spread out and become an octopus all over the State. We provide for its regulation so it will not be allowed to have branches in every little hamlet in this country. We provide one branch in cities between 25,000 and 50,000, two branches between 50,000 and 100,000, and for cities above 100,000 they can have as many as the comptroller will allow, and that is discretion enough to give him, according to the experience we have had with these financial toll gates which he allowed to be established all over this country. [Applause.]

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. STEAGALL]. [Applause.]

Mr. STEAGALL. Mr. Chairman and members of the committee, I sympathize with the view of the gentlemen who are chiefly interested in this legislation, even though they predicate their appeal upon a mere matter of expediency. I have great respect for the bankers of the country. I have nothing harsh to say about them. I am always glad to have the benefit of their counsel and advice in all banking legislation. It is not improper to say, however, that the gentlemen who are pressing this legislation to meet what appears to them to be an expediency should remember that they established their institutions and entered the banking business with full knowledge of the law as it existed, and I do not hesitate to say it is unwise and unsound as a policy to change the great principles of our national banking system from time to time merely to meet the necessities of competition on the part of some of the national banks of the country. It is not unfair to say this is why this legislation is before us.

Gentlemen tell us that our national banking system is in great peril; that the Federal reserve system is in jeopardy. That is substantially the language of the report, and I shall not take the time to read it. I ask the members of this House if they believe there is any real basis for that statement? The American people have never been able to boast of such a system as we have to-day and have had ever since the American Congress in its wisdom enacted the great Federal reserve system. Under that law we have experienced a prosperity never known in our history. We have financed the greatest war that ever afflicted mankind, and we emerged from that conflict the creditor nation of the world and the financial center of the universe. [Applause.]

I would not be disrespectful, but all this talk about the danger of destruction of our national banking system is ridiculous. There is nothing whatever to it. I do not indorse what the gentleman from Wisconsin [Mr. NELSON] had to say in his speech during the general debate, but he produced figures showing that the national banks last year made net profits of something over $300,000,000 and declared dividends of over $200,000,000. This shows a period of remarkable prosperity.

Mr. WINGO. Will the gentleman yield?

Mr. STEAGALL. I yield with pleasure.

Mr. WINGO. The chief statistician of the city banks of New York came out with a statement a day or two ago showing that the deposits of national banks have grown to over $17,000,000,000 in 1924, whereas in 1900 they were only about two billion and a half. Coming down to recent years, in 1921 they were only $12,000,000,000. They grew three and a half billion dollars last year.

Mr. STEAGALL. Yes; and gentlemen tell us the national banking system is facing destruction. The figures just given show the profits being made and the dividends being paid. I submit that they do not look like destruction. I should like to get my business closer to that kind of destruction. If our national banks are on the verge of ruin, I want to go into the same kind of bankruptcy. [Laughter.]

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. STEAGALL. Yes. I yield with pleasure.

Mr. JACOBSTEIN. It seems to me an interpretation of those statistics might not be accurate. Is it not true that the national banks control a much smaller percentage of the total resources of he country to-day than they did before? To-day they comprise only 47 per cent of the resources.

Mr. STEAGALL. I can not yield to the gentleman to read those figures. The fact is, there has been much growth in State banks in 25 years, and the proportion is not quite the same between State banks and national banks. They are divided about equally in resources, according to my recollection. It is true some national banks have left the system, but the fact can not be counted for in all cases upon the score that they were unable to meet the competition of branch banks. The truth is, the national system is growing all the time.

More new banks are coming in than are going out. There has been considerable controversy growing out of the inauguration of the Federal reserve system and this accounts for some of the national banks converting into State banks. Everyone in the sound of my voice knows that we have had controversy between the Federal reserve system and the Federal Reserve Board.

The gentleman from South Carolina [Mr. STEVENSON], my very able colleague on the committee, calls attention to the fact that some national banks, by taking over State banks, have as high as 20 to 40 branches, and then joining the Federal reserve system. Let me say in reply to the gentleman if that is true the necessity for this legislation does not exist. Certainly it may be said that the banks to which he refers are not facing destruction. The plain fact is the gentleman from South Carolina makes the error that everybody makes who is advocating this bill, and that is that instead of recognizing an evil and attempting to remove or cure it, the gentleman would embrace the evil and embody it in our national law. [Applause.]

Mr. STEVENSON. Will the gentleman yield?

Mr. STEAGALL. In just a moment. My conception of what our national banking system should be is that we should make it a pattern and not a copy, and certainly we should never make our great national banking system subject to the whim of a State legislature as is proposed in this bill. Now I yield to the gentleman from South Carolina.

Mr. STEVENSON. I think the gentleman misunderstood my argument. I made no argument that it was necessary for the perpetuation of the national banks. I made the argument that it was necessary to stop State-wide branch banks because it was leading to monopoly and was going to be destructive of the financial interests of this country.

Mr. STEAGALL. And the gentleman proposes to stop it by writing that principle into the national banking law. This proposed law will not close a single branch bank in the United States, but would open the door and establish branch banking in all cities of the country as provided in this bill.

Let me say this: The gentleman says that everybody on the committee who signed the report agreed to the bill. There are many members of the committee who do not agree to anything. There is one thing that every member does agree to, and that is that the principle of branch banking is un-American, monopolistic, and destructive. Will any member of the Banking and Currency Committee look a Member in the face and say branch banking is desirable anywhere? Will any Member of the House face this proposition and say that branch banking is desirable anywhere? I pause for an affirmative answer.

Mr. JACOBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In a moment. I want to say right there that, although this bill limits its operations to cities, you can not draw a distinction in principle between the city and the town. You can not divide a principle with a municipal line. If branch banking is sound in one part of a county, it is sound in the other part as a matter of principle, and you can not get away from it. What are you going to say to a suburban community out beyond the corporate limits, where they have a little town—a community center—the center of their business activity and their domestic and commercial life, where they do their shopping and buy their groceries and all that sort of thing? Why are they not entitled to a branch bank just the same as the community just inside the corporate lines of the city if it is a sound thing to do?

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McFADDEN. They have the right to have a unit bank in that community to serve the community.

Mr. STEAGALL. Yes, they have that right, and they have a right to have unit banks everywhere else. That is the system that ought to obtain in this country, and instead of embodying the principle of branch banking into our national banking laws, we ought to amend the law and say to these national banks that go out and do what my friend from South Carolina [Mr. STEVENSON] says, "You can buy your State banks and have your branches if you want to, but you can not come into the Federal reserve system with your branches." [Applause.] But he does not favor that. His cure for the evil is to embrace it. The way he would deal with that despised character to which he referred is not by going home, locking the door, and spending the night alone, but he would go visiting in the community and embrace all of the evil of which he speaks! That is what this bill does, gentlemen! [Laughter.] Do not let anyone in this House be deceived. I do not care how you vote on the bill. There are some reasons for it, of course. The comptroller, a brilliant man, was able to stir up some reason for it, although there is not a man in this House who can read Comptroller Dawes's statement and vote for this bill if he will accept his logic and reason.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WINGO. Speaking about stopping the branch-bank evil, Congress, if it wanted to check the branch-bank evil, could repeal the law which authorizes the national banks to get State banks with branches and then rename them.

Mr. STEAGALL. Yes; certainly.

Mr. WINGO. In addition to that, it could say to these national banks that now have these branches, "You must close your branch banks and wind them up by, say, 1930"; at some distant time, so that it would not disturb their business. It could say that they would have to enter upon a policy of liquidating these branch banks at once. It could do that.

Mr. STEAGALL. Oh, yes; that is true, and the gentleman from South Carolina [Mr. STEVENSON] talks about the St. Louis case. That is not a typical case, because I do not believe they have branch banking there, but that is where the comptroller went and authorized a branch bank contrary to the State law. And the gentleman from South Carolina deplored the fact that the Supreme Court overrode the Comptroller of the Currency by only a majority opinion instead of a unanimous opinion. He referred to the action of the comptroller in establishing branches contrary to State law in the city of St. Louis as a great evil, and yet this bill is designed to accomplish by law the very thing which the gentleman says the Comptroller of the Currency did contrary to law. We turn our backs upon the protection offered by the Supreme Court of the United States, and pull down the bars and put this evil on the community wherever opportunity is found under State laws to do so. Gentlemen have their own views. I have no interest in this matter whatsoever. I have studied it purely in pursuance of my duties as a member of this committee. That is why I am giving my views to this House. Gentlemen may vote on the bill as they see fit. Remember this, however, that when you do it you are doing what every member of the Banking and Currency Committee says is a vicious thing in principle, and which no member of the committee will indorse in principle, and you do it simply because some gentlemen say that it is necessary in order to enable them to meet competition in banking in some certain communities in the United States.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McKEOWN. Is there any requirement of these banks that do branch banking to get the permission of the Comptroller of the Currency to establish the branch bank as against the local community that wants to put up a bank and get a charter?

Mr. STEAGALL. I suppose the gentleman refers to branches that would be authorized under this law?

Mr. McKEOWN. Yes.

Mr. STEAGALL. Yes; they would have to get permission of the Comptroller of the Currency. I desire to call attention to something in that connection. This bill does not do even what gentlemen who advocate it profess to want to do. They say that it is vicious in principle, but that it is necessary to take care of bankers in certain communities who want to meet competition of branch banks in existence under State law. Why do not they write this bill so as to restrict its operation to those communities where it is desirable for a national bank to put up a branch to meet competition of a State branch actually in operation?

The gentleman from South Carolina [Mr. STEVENSON] knows that that question has been fought out but that in the committee my view was not adopted. This bill authorizes the establishment of branch banks in any State where the Comptroller of the Currency will permit it, not because it is necessary to meet competition of branch banks operating under State law, but you can put up a branch bank in any State this bill authorizes, whether there is a system of branch banking in operation or not. I ask the gentleman if that is not so?

Mr. STEVENSON. Yes; but where the legislature provides the State may allow it——

Mr. STEAGALL. Ah, that is the point. The whole argument in favor of this bill is that you are meeting an exigency, and yet you will not stop there. You will not put in this bill a provision which will limit its operation to communities where there is actual competition.

Mr. WINGO. And the committee voted it down.

Mr. STEAGALL. I do not want to say what happened in committee. I raised it in the committee to test the good faith of the men who say they are merely trying to come to the relief of those gentlemen who are now being destroyed by unfair competition.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. GARNER of Texas. As I understand the gentleman, each member of the committee, Republican and Democrat alike, are opposed to this legislation in principle?

Mr. STEAGALL. Absolutely. I will ask the gentleman to read the statement of Comptroller Dawes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I yield the gentleman five additional minutes.

Mr. GARNER of Texas. As I understand the gentleman, the reason is it is the principle of monopoly in banking?

Mr. STEAGALL. Yes.

Mr. GARNER of Texas. Now the committee proposes by law to recognize the principle of monopoly in banking and put it on the statute books?

Mr. STEAGALL. Absolutely.

Mr. GARNER of Texas. Is it not a further fact the Republican Party and the Democratic Party both for the last 25 years have denounced monopoly of all character, and yet you are calling upon us to sanction by law a proposition of monopoly?

Mr. STEAGALL. Absolutely; the gentleman states the whole argument in a nutshell, and that is what you are voting on. I am not trying to control or influence anybody's vote. I simply want to give the facts about this legislation to this House and let gentlemen know what they are voting on. You are voting, gentlemen, for branch banking, which no man in this House will rise and defend, and which the Comptroller of the Currency bitterly assails and which has been denounced as un-American and destructive by the American Bankers' Association, until this bill was before it with influences at work in favor of it, and, of course, every man in this House understands how easy it is for the influences in back of this bill to get the American Bankers' Association to indorse it. Before the bill was before them and before the pressure was brought to bear on them they have always condemned it and bitterly opposed branch banking in any form.

Mr. BLACK of New York. Will the gentleman yield?

Mr. STEAGALL. I will with pleasure.

Mr. BLACK of New York. As a matter of fact, if the committee was only desirous of restricting the extension of branch banks, would not they have let the law stand as it is, because section 9 of the Federal reserve act contains plenty of power residing in the Federal Reserve Board to refuse admission to the Federal reserve system to the banks that maintain branches, and there is plenty of power in the Federal reserve system to curb those banks which maintain too many branches.

Mr. STEAGALL. I will say this to the gentleman: I do not think the Federal Reserve Board has power now to exclude a State bank from membership in the board because it has branches. That question was fought out when the Federal reserve act was passed. The law specifically provides State banks may be admitted, and when they come in they come in with all the rights they have under the State laws, and there is nothing to keep the gentlemen who are so busy with this bill here from bringing in a measure which will accomplish what the gentleman has in mind—denying membership to any bank that has branches.

Mr. BLACK of New York. Have not they attempted to do that under regulation?

Mr. STEAGALL. There was an order of the Federal Reserve Board denying membership to State banks that had branches, but the comptroller—and I will say to the gentleman that matter was discussed at considerable length in our committee, probably more in the special committee investigating the Federal reserve system—I was clearly of the opinion that the Federal Reserve Board did not have that authority, and they so decided finally and withdrew the order. But legislation can be accomplished if the influences back of the legislation that got the American Bankers' Association to reverse its record and declare in favor of branch banking will make the effort. Then it would be easy to put through such an amendment.

Mr. MACGREGOR. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. MACGREGOR. I am moved by the question proposed by the gentleman from Texas [Mr. GARNER] to inquire if the very purpose of this legislation is not to protect what the Democratic Party claims as its great project, the Federal reserve system?

Mr. STEAGALL. No, I do not think so; and I do not think the Federal reserve system is in any danger on the score of branch banking. I would like to talk about an hour on the Federal reserve system and some of the things that I think ought to be done to stop controversies with member banks, but I have not time now——

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I yield the gentleman two additional minutes.

Mr. BARKLEY. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. BARKLEY. I want to ask the gentleman about this branch-bank proposition which is bothering me a little bit. I am not quite so rabid about it as the gentleman from Alabama.

Mr. STEAGALL. I am not rabidly against it. I am just against. The men who now favor the bill have been teaching me the dangers of branch banking for years.

Mr. BARKLEY. I withdraw that. This bill, as I understand, only permits branch banking in cities where the parent bank is located?

Mr. STEAGALL. That is correct.

Mr. BARKLEY. Does it extend into any State where the State does not authorize branch banking?

Mr. STEAGALL. It does not. They are going to do that later on. You may take my word for that. This bill is only the beginning. It is the first step, you know. You have been in Congress long enough to know that you do not do it all at one time when you start out to do a thing that is hard to defend or to depart from a sound and long-established principle.

Mr. BARKLEY. Take a city of considerable size, like the city of Washington, or any other large city, where there is a large and well-established bank that has a reputation for integrity and soundness that is universal among the people, and the people desire to transact business with that bank, and in order that they may do that the bank establishes branches or "offices," as they term them, at various places throughout the city for the convenience of the people. What serious objection is there to permit them to establish branch banks in various sections of the city?

Mr. STEAGALL. The gentleman lives in a realm with which I am unfamiliar. I am merely a human being. My experience teaches me that men plant their money with a view to profit and to prosper in business. I do not think there are any banks established in this country except where it is thought there is a field affording an opportunity to get deposits and do a profitable business.

Mr. BARKLEY. Does not that also apply to the fellow who does not want a branch bank established in his community because he wants to establish a bank himself? That would be true whether in a city or in the country.

Mr. STEAGALL. This bill authorizes branch banks where there is not a State bank in operation, as I have just pointed out.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. McFADDEN. I yield one more minute to the gentleman.

The CHAIRMAN. The gentleman is recognized for one minute more.

Mr. STEAGALL. I am not going fully into the matter. It would take too long. We put national banks in the Federal reserve system, whether they wished to go in or not. We made them subscribe 6 per cent of their stock in the Federal reserve system, and made them carry 3 per cent of the regular time deposits, and all they get back is 6 per cent. At the same time the Federal reserve system has been making hundreds of millions of dollars within a few years, putting it into the Treasury and laying aside a surplus, and not paying it back to the men who earned it and who are entitled to it. I think I may say that the friction between the national banks and the Federal reserve system is responsible for the situation that now exists in the relations of the national banks with the Federal reserve system. My friends, the national banking system should be the pattern; it should blaze the way. It should lead, the States and the financial institutions of the country to follow after it along sound lines and sound principles of banking. That is the policy that I advocate. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. The gentleman from Pennsylvania [Mr. McFADDEN] is recognized.

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. WILLIAMS].

The CHAIRMAN. The gentleman from Michigan is recognized for 15 minutes.

Mr. WILLIAMS of Michigan. Mr. Chairman and gentlemen of the committee, the bill under consideration is one to liberalize and modernize the national bank act in various particulars. It has not been proposed nor reported from the committee with any idea of hostility to the State banking institutions. State banks on the whole are rendering a very valuable and necessary service. The laws under which they operate, at least in many of the States where there is the greatest business and commercial activity, have been perfected and liberalized to meet the needs of the people and the development of commerce. The national bank act, on the other hand, has not been given by Congress the attention it deserves. The result has been that in recent years the aggregate resources of State banks have been increasing much more rapidly than has been the case with national banks. This matter is touched upon in the December 1, 1924, annual report of the Comptroller of the Currency, as follows:

> In 1870 there were 325 State banks and 1,612 national banks. In 1884 there were 817 State banks, exclusive of savings banks, and 35 trust companies, with aggregate resources of $760,000,000, and 2,625 national banks, with aggregate resources of $2,283,000,000. Twenty years later, in 1904, there were 6,923 State banks, exclusive of savings banks, and 585 trust companies, with combined resources of $5,240,000,000, while there were 5,331 national banks, with aggregate resources of $6,656,000,000. In the next 20-year period, bringing this up to June 30, 1924, we find 17,436 State banks, exclusive of savings banks, and 1,664 trust companies, with aggregate resources of about $25,140,000,000, and 8,085 national banks, with aggregate resources of $22,566,000,000. The increase in aggregate resources of State banks and trust companies for the year ended June, 1924, was $1,478,000,000, as against an aggregate increase for the national banks of $1,054,000,000. Forty years ago the national banks had 75 per cent of the banking resources of commercial banks and trust companies in the United States, whereas by June 30, 1924, they had dropped to about only 47 per cent. During the past two years the increase in national banks resources was about $1,860,000,000, as against an increase in the resources of State banks and trust companies of about $3,540,000,000.

And I want to say in that connection that the mere matter that these national banks have been able to survive and still exist and are prosperous or not does not meet the question that is now before this House.

Since January 1, 1918, 206 national banks, each with capital of $100,000 or over, have given up their national charters and taken out State charters. They carried with them total assets of $2,234,000,000, being about 10 per cent of the total assets of the national banking system.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Michigan. Yes.

Mr. BRIGGS. How many State banks have given up their charters and become national banks?

Mr. WILLIAMS of Michigan. I do not care to be interrupted. I just want to give the facts bearing on the situation before us. After that, if I am given time, I shall be glad to yield in answer to questions.

For a number of years the Comptrollers of the Currency in their annual reports have pointed out the trend in banking which the foregoing figures so forcibly indicate. Everyone, including practically all State bankers, believes that the country needs national banks and a strong national banking system. The situation, however, is such as to arouse great apprehension.

Surely no extended argument need be made to demonstrate the necessity for such legislation as will continue and strengthen the national banking system. It was because of needs arising out of the Civil War that the national bank act was passed in 1863.

The fundamental features of that act are well based. The banks organized under it have performed a great service and have carried the strength of the system and its efficient administration into many sections of the country where the same degree of stability could not be afforded under local laws. National banks are given the bank-note circulation privilege, which is a large factor in supplying the money needs of the country. They are the backbone of the Federal reserve system, which has proven itself a most valuable asset in our national life. Methods of examination under the national law and banking practices denied or authorized by the Comptroller of the Currency have served as salutary precedents for the banking departments of the States. There was a time when the national bank act exemplified the best thought of the banking world for the guidance of State legislatures. Unfortunately, in later years in many respects the act has not been kept up with the needs of modern business, and we are now compelled to look to the legislation of some of the States which is leading and pointing the way.

The bill before you is designed to meet some of the more pressing needs of the situation. There are some other important phases of the national bank law that should be given consideration by Congress at an early date. As to most of the features of this bill there should be but little controversy. These features pertain to matters that are obviously necessary if we desire to relieve national banks from handicaps under which they are now suffering in competition with State institutions. Other proposals in the bill are for the purpose of facilitating the business of national banks and for their protection, even though it might be said that they are not absolutely essential. I will not discuss any of these various features of the bill because when read before the House any further necessary explanation can then be made.

Banks have been leaving the national system and converting into State institutions in alarming numbers for various reasons. Some of these reasons relate to the general lack of liberality in the national law, for the correction of which in the main this bill is directed and to which proposals for changes I have just referred but have not discussed.

The principal additional reason for such conversions has been because of the competition arising out of the development of branch banking as practiced in a considerable number of the States. With reference to this subject of branch banking there is a wide divergence of opinion. The Banking Committee by a considerable majority vote have dealt with this subject, mainly in sections 7, 8, and 9 of the bill. Section 7 amends section 5155 of the Revised Statutes and prevents any State bank having branches outside of the place of its location, established subsequent to the approval of this act, from converting into a national bank and retaining such branches. It changes the law upon this subject, which has been in force for nearly 60 years. Section 8 amends section 5190 and gives the right to national banks to establish branches in the city in which it is located, provided that the law of the State where such bank is located permits State institutions to operate such branches. It limits the number of branches that any national bank may establish in cities of not more than 100,000 population. Section 9 amends section 9 of the Federal reserve act by providing that State member banks shall not hereafter establish any branches outside of the city in which the office of such bank is located and by providing further that no State nonmember bank may join the Federal reserve system without relinquishing such branches as it may have in operation outside of the city in which the parent bank is located. It further limits the number of branches that may be established by a State member institution in cities of not more than 100,000 population. I am frank to say that I am not wholly in accord with the provisions of these sections, and yet, even though they are not changed to meet my views, I shall vote for the bill because of two reasons: (1) The fact that the bill carries so many other vital and necessary amendments to our banking laws, and (2) because the general features of these sections affecting branch banking are no doubt in conformity with the present thought of a majority of the bankers of the country, and we should feel our way carefully with reference to this important question. If later developments should make it necessary to change or modify these sections, we can do so in the light of our experience in working under them if they should be adopted.

There is no question but what in this country generally there is a very strong feeling against the branch-banking idea. I would do nothing to encourage branch banking here as it exists, for instance, in the Dominion of Canada and in Great Britain generally. Academically and theoretically I agree in the main with the views of those who are so strongly against branch banking. However, having said this, I must respectfully urge that sections 7, 8, and 9 have been drafted more from the standpoint of theories and prejudices against branch banking rather than from the standpoint of facing the conditions as they actually exist. It can be said with certainty that these three sections represent an attempt to curtail the development of branch banking, and those who are strongly opposed to branch banking surely ought to support this bill. Whether the sections referred to, enacted into law, will actually accomplish the desired effect is another question.

The Comptroller of the Currency told our committee that under State law city-wide branch banking is permitted in Kentucky, Michigan, Pennsylvania, Tennessee, Wyoming, Massachusetts, Mississippi, New York, and Ohio, and that in the latter State branches are permitted in contiguous territory; that county-wide branch banking is permitted in Maine and Louisiana; that state-wide branch banking is permitted in Arizona, California, Delaware, Georgia, Maryland, North Carolina, Rhode Island, South Carolina, and Virginia.

Section 5155 of the Revised Statutes of the United States which has remained unchanged since its adoption in 1865, and which it is proposed to amend by section 7 of this bill, reads as follows:

It shall be lawful for any bank or banking association organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them, as it may elect to retain; the amount of the circulation redeemable at the mother bank and each branch to be regulated by the amount of capital assigned to and used by each.

It will be thus seen that 20 of the States permit branch banking, and the Federal law has recognized it in a limited way since 1865. Furthermore, under the act of November 7, 1918, two or more national banking associations may consolidate, and the consolidated bank under this act shall hold and enjoy—

all rights of property, franchise, and interest in the same manner and to the same extent as was held and enjoyed by the national bank so consolidated therewith.

By virtue of these Federal laws, national banks have been permitted to maintain branches in States which recognize branch banking as legal. Twenty-nine national banks were operating 101 branches in October, 1923, in accordance with these provisions. Under the department's interpretation of the Federal law, national banks in many cities have been permitted also to operate so-called "tellers' windows."

There are many of these "tellers' windows," which for most practical purposes are in reality branches, in operation to-day. These so-called "tellers' windows" have an uncertain status awaiting a final determination by the Supreme Court as to their legality. These conditions affecting national banks have not permitted them in any full sense to meet the branch-banking competition from State institutions.

We hear much about California, where branch banking is so highly developed, and yet we learn from the Federal Reserve Bulletin of December, 1924, page 932, that the aggregate resources of banks operating branches in the State of New York are nearly four times the amount of similar banks located in California, and that four States—Rhode Island, Louisiana, Massachusetts, and Michigan—show a larger aggregate of resources in banks operating branches than is shown for unit banks, while in California and New York two-thirds of the banking resources are reported by banks operating branches. Furthermore, we are informed by the same publication that approximately one-third of the aggregate resources of the 28,468 banks in the country are reported by the 681 banks operating branches, and that 21.2 per cent of the resources reported by the 8,080 national banks are reported by the 108 national banks operating branches and that nearly one-sixth of the resources reported by the 18,818 banks not members of the Federal reserve system are reported by the 382 institutions of this class operating branches; and that 56.2 per cent of the aggregate resources reported by banks operating branches are reported by the State banks in the Federal reserve system, and 29.9 per cent are reported by national banks, and 13.9 per cent by nonmember banks. Of the 2,095 branches now being operated, approximately 462 were in operation in 1913, and 1,633 have been established during the succeeding years. These figures include the so-called "tellers' window" branches. I will not attempt to give the statistics as applying to all of the States which permit branch banking. The fact that branch banking has obtained considerable strength in these States can not be questioned. In Alabama, Georgia, Louisiana, Maryland, Virginia, North Carolina, and South Carolina there are 134 banks operating 319 branches. Of this number only 20 are members of the Federal reserve system. The remaining 114 nonmembers are operating 233 branches. It is an interesting fact that in these States the home offices of many of these banks are located in the smaller cities, as, for instance, in Virginia in such towns as Clintwood, Columbia, Gloucester, Keller, Keysville, Louisa, Staunton, Tappahannock, Urbanna, Wakefield, and Williamsburg. In Georgia there is a bank located at Savannah which has branches in Atlanta, Augusta, and Macon. There is branch banking in almost two-thirds of the cities of this country of over 200,000 inhabitants. The congestion in traffic and other impelling reasons have seemed to make it necessary for banks in the larger cities to maintain branches for the accommodation of their patrons and to bring to them the highest degree of acceptable service. In Detroit where there are only three national banks remaining (which operate 21 branches) there were at the beginning of last year 182 branches in operation. In the city of Cleveland, where only three national banks survive, there were 74 branches in operation. In New Orleans, where there is only one national bank remaining, there were 42 branches. In Buffalo there were 32 branch banks. In Cleveland there is one bank with 54 branches located in and outside of that city. Forty State banks and trust companies, located in the city of New York, out of 63 have 245 branches.

In the State of California, in June, 1924, there were 576 independent unit banks and 99 banks operating branches. Of the unit banks 326 were operating under State charters imposing no restrictions upon the branch-banking privileges and 250 were national banks. There were 538 branches in operation in that State. The branch-banking institutions of California have 1,600,000 depositors, representing two-thirds of the banking public. Of the State banks 19 are members of the Federal reserve system. These 19 banks have in the neighborhood of 264 branches, of which 164 are either within the city or in immediately contiguous territory. The 5 larger State banks, all of them members of the Federal reserve system, have aggregate resources of $1,000,000,000. Of these larger banks the Bank of Italy has 75 branches, 12 in the parent city and 63 out of the parent city. The Mercantile Trust Co. has 46—27 in San Francisco and 19 outside. The Pacific Southwest Trust & Savings Bank has 75 branches—33 in Los Angeles and 42 outside. The Security Trust & Savings Bank has 34 branches, one-half in the city of Los Angeles and the balance outside. The five largest State banks with branches are member banks and have on deposit with the Federal reserve bank approximately $50,000,000, upon which they are drawing no interest. These five banks have borrowed but little, if anything, from the Federal reserve bank.

Mr. STENGLE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Michigan. I am sorry I can not, because I have a lot of material to put before the House and I fear I shall not probably be able to do that.

Mr. STENGLE. I wish the gentleman would yield later.

Mr. WILLIAMS of Michigan. Very well.

If sections 8 and 9 of the bill are adopted there will be four different kinds of banking carried on in California.

(1) Those nonmember State banks with reference to which there will be no limit as to the branch-banking privilege.

(2) State member banks doing a branch-banking business more or less state-wide, which will not be permitted if they remain in the Federal reserve system to establish any additional branches outside of the city in which the home office is located.

(3) National banks having branches both within the city of the parent institution and outside of such city, under the statute, section 5155.

(4) National banks without any right to establish branches outside of the city in which they are located.

Let us now summarize briefly some of the principal arguments for and against branch banking. Those who are opposed to branch banking make the argument that it means absentee ownership and control, largely doing away with character banking; that branch banks do not have the same close touch with the people of the community and are not so largely interested in local and civic affairs; that one seeking a loan of any considerable size must await the determination of the central office and is very apt to secure the loan only by the pledging of collateral; that the practice leads to oppressive measures in dealing with local unit banking competition and an ultimate monopoly of the banking business and a centralization of funds; that the competition between branch-banking systems often results in more branches being established than are needed to serve the community.

Those who favor branch banking insist that this system makes a higher loaning limit available to borrowers; that if the need for funds by borrowers in any community is greater than deposits, it can be supplied by transfer of funds either from another branch or from the parent institution; that there is more security in the loaning of the excess funds of the banking institution in the various communities served by it through such transfer of funds than where outside commercial paper is purchased or excess funds are loaned at distant points, as is frequently done by unit banks; that there is a greater security in banking operations thus carried on because of the wider scope of operations, some communities being prosperous while others may be suffering depression; that a greater safety in management is available because of the advice and suggestions that emanate from the home office and from men of wider experience than is the case with most small unit banks; that there is a better check upon operations of the branch through examinations made from the parent institution than is the case with the small unit bank; that it carries an enlarged service to its customers through contact with the parent institution and is better able to extend trade assistance; that if a branch bank does not give better service and do a proper amount of character banking and keep the good will of the public it can not succeed, and these factors are all taken into consideration in its management; that it tends to decentralize the banking business and establish new centers away from a few of the larger cities and is contrary to the tendency of unit banks to pyramid reserves in the large reserve centers; that it tends to promote competition and to reduce interest rates.

We have seen that, for good or evil, branch banking through State law has gained a strong foothold. A very large part of the business of branch banking is being carried on by institutions that are not within the Federal reserve system and can not be made members of such system except by their voluntary action. In view of the fact that they have not joined the system up to this time, it can be safely said that they will not do so if section 9 of this bill is enacted, because they will then have a freer field of operation and can extend their business without the competition that now comes from the State member banks, with their ability to operate additional branches outside of the city in which they are located, provided such present member banks remain with the Federal reserve system. Will there not be a tendency upon the part of larger State member banks operating outside branches to withdraw from the Federal reserve system in order to carry on the further extension of their business, which they regard as logical and proper, and in order to meet the competition from State nonmember banks, which will be in no way affected by this proposed legislation? There is a grave possibility, if section 9 is adopted, that considerable harm will be done the Federal reserve system without accomplishing any adequate result in the way of curtailing the further development of branch banking.

It should be our desire to encourage State banks to join the Federal reserve system, which now has as members less than one-tenth of such institutions. Futhermore, national banks with the privilege only of establishing branches within the city where they are located will not be in a position either to meet the competition from present State member banks, whether they remain in the Federal reserve system or not, so far as concerns their branches outside of the city where their main business is located or the competition arising from State banks not members of the Federal reserve system and which presumably will not come into that system after the enactment of section 9. The question then arises as to whether through the adoption of section 9, sufficient relief is given to the national banks, especially in those States where State-wide branch banking is permitted, to justify the restrictive features of this section. While it is quite possible that the views that I voice are only those of a minority in this House, yet I can not refrain from urging that the better plan in the light of the conditions as they actually exist would be to give to national banks the right to establish branches under regulations of the Comptroller of the Currency to the same extent as is permitted to State institutions in the States where such national banks are located and to attempt no restrictions whatever upon the right of State member banks to establish branches under local law, or upon the right of State institutions to join the Federal reserve system because of maintaining branches. The resolutions of the Federal Reserve Board of November 7, 1923, as modified under date of April 7, 1924, meet every present need as to the relation between State banks and the Federal reserve system, as pertains to the subject of branches. These rules can be modified from time to time as conditions may demand and are not as inflexible as the proposed section 9. The resolutions of November 7, 1923, are as follows:

Resolved, That the board continue hereafter as heretofore to require State banks applying for admission to the Federal reserve system to agree as a condition of membership that they will establish no branches except with the permission of the Federal Reserve Board; be it further

Resolved, That as a general principle State banks with branches or additional offices outside of the corporate limits of the city or town in which the parent banks are located or territory contiguous thereto ought not be admitted to the Federal reserve system except upon condition that they relinquish such branches or additional offices; be it further

Resolved, That as a general principle State banks which are members of the Federal reserve system ought not be permitted to establish or maintain branches or additional offices outside the corporate limits of the city or town in which the parent bank is located or territory contiguous thereto; be it further

Resolved, That in acting upon individual applications of State banks for admission to the Federal reserve system and in acting upon individual applications of State banks which are members of the Federal reserve system for permission to establish branches or additional offices, the board, on and after February 1, 1924, will be guided generally by the above principles; be it further

Resolved, That the term "territory contiguous thereto" as used above shall mean the territory of a city or town whose corporate limits at some point coincide with the corporate limits of the city or town in which the parent bank is located; be it further

Resolved, That this resolution is not intended to affect the status of any branches or additional offices established prior to February 1, 1924, either those of banks at the present time members of the Federal reserve system or those of banks subsequently applying for membership in said system.

The further declaration of the Federal Reserve Board of April 7, 1924, is as follows:

(1) That it would, "as a general principle, restrict the establishment of branches * * * to the city of location of the parent bank and the territorial area within the State contiguous thereto, * * * excepting in instances where the State banking authorities have certified, and the board finds that public necessity and advantage render a departure from the principle necessary or desirable."

(2) That as a general principle it would not consider applications for permits to establish branches unless State authorities "regularly made simultaneous examinations of the head office and all branches," such examinations being of a character to furnish the board with "information as to the condition of each bank and the character of its management" sufficient to enable the board "to protect the interests of the public."

(3) That it would, as a general principle, require each bank establishing or maintaining branches to maintain for itself and branches "an adequate ratio of capital to total liabilities and an adequate percentage of its total investments in the form of paper or securities eligible for discount or purchase by Federal reserve banks."

(4) That it would not "consider any application to establish a branch, agency, or additional office until the State banking authorities have approved the establishment, * * * and the directors or executive committee and the Federal reserve agent of the Federal reserve bank of the district have made a report upon the financial condition of the applying bank or trust company, the general character of its management, what effect the establishment of such branch, agency, or additional office would have upon other banks or branches in the locality in which it is to be established, and whether, in their opinion, it would be in the interest of the public in such locality, together with their recommendation as to whether or not the application should be granted."

(5) That unless extended by the board a permit should become void after six months if the branch had not been established and opened within that time.

(6) That the board reserves the right to cancel any permit granted in the future whenever it shall appear, after hearing, that such branch, agency, or additional office is being operated in a manner contrary to the interest of the public in the locality in which it is established.

It is impossible at this time to curtail the development of branch banking within any of the States where the people have said through their laws that they desire branch banking to be permitted. It must not be overlooked that this vast development of branch-banking business in various sections of the country must indicate an economic need for such institutions. That kind of a development does not merely happen by accident. These branch-banking institutions are without doubt giving a service and performing business functions that are regarded as needful and advantageous by their customers.

I would not urge anything that would tend to hasten the development of branch banking and would only propose to give to national banks the opportunity of legitimately meeting competition in those States where that kind of competition exists, so that they may continue to be prosperous and so that this apparent weakness in the national banking system to deal with situations of this kind may be eliminated. Some fear has been expressed that to do what I propose would lead to branch banking upon a nation-wide scale. Any dangers along this line can be easily obviated by appropriate legislation if any such dangers exist. It should be remembered that we have 48 States, many of them not permitting branch banking at all and whose people are opposed to the idea in every way. It is hardly to be conceived that any State would allow a bank located in another State to open and operate a full-fledged branch bank within its borders. This could not be done, except by definite legislation of the State in which such bank might be proposed to be located.

In conclusion, it may be said that some of the large State banks have joined the Federal reserve system with the assurance that their rights under their State charters would not be interfered with. To attempt to do so at this time will violate the terms upon which these banks entered the system and will place unnecessary handicaps in the way of the proper development of the Federal reserve system. The adoption of section 9 will create further confusion, and it will be largely unavailing in securing the objects desired by those who propose this kind of legislation. There is involved a serious encroachment upon the principle of State rights in this proposal. [Applause.]

The CHAIRMAN (Mr. MAPES). The time of the gentleman from Michigan has expired.

Mr. WILLIAMS of Michigan. I am sorry I have not further time in which to carry out the conclusions based on these figures.

Mr. STEAGALL. Mr. Chairman, I would like to ask the gentleman from Pennsylvania if it is his thought that he will be able to finish this bill to-day? I am having some inquiries over here on that point. For my own part I think it would be perfectly safe to say that it is impossible to finish this bill to-day.

Mr. McFADDEN. I am hoping that we can finish the debate to-day. The general debate will probably be closed within a half hour. There are not many pages in the bill, and I hope we can finish it this afternoon if the Members will stay with us. I think we should make the attempt. Does the gentleman wish to use some of his time now?

Mr. STEAGALL. Yes. I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

The CHAIRMAN. The gentleman from Texas is recognized for 10 minutes.

Mr. BLACK of Texas. Mr. Chairman and gentlemen, with most of the provisions in the McFadden bill I am in thorough harmony and accord, and I believe that some of them are urgently necessary for the efficiency of the national banking system, and I would gladly join in advancing their progress. But as to those provisions which will enlarge and extend the opportunity for branch banking in the national banking system I am not in harmony and accord.

Now I will admit that these provisions of the bill relating to branch banking have been adroitly and ably argued by the gentleman from South Carolina [Mr. STEVENSON] and other gentlemen who have talked on his side of the question. I will admit that these provisions are hedged about with certain limitations and restrictions. These limitations and restrictions, of course, have been brought about by that large sentiment in the country among the people which is opposed to monopolistic banking. But we need not try to deceive ourselves or fail to take into account the fact that the real advocates of these provisions of the bill are the ones who expect immediately to use them, if they are enacted into law, in establishing branch banks in the cities of their domicile.

It is true, as has been stated, that the bill limits the power and authority of a national bank to establish branches to the city of its domicile. It is true also that the bill limits the authority to those national banks which are located in a State which now permits branch banking. I understand also that the gentleman from Illinois [Mr. HULL], an able member of the committee, proposes to offer other amendments at proper places in the bill, which will provide that the authority shall only extend to national banks located in those States which at the very time of the passage of this act permit branch banking. In other words, if a State now prohibiting branch banking in the future should amend its laws so as to permit branch banking, then the national banks in that State would not have the authority to establish branches.

Mr. WATKINS. Will the gentleman yield?

Mr. BLACK of Texas. In just a moment and I will be glad to yield to the gentleman. Now, the interrogatory I want to propound is this: Why these limitations and restrictions? If branch banking is a sound, economic development; if it is wise; if it will be helpful to the people of the United States, then why not grant the same authority to all national banks, regardless of where they are located.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. BLACK of Texas. I can not now.

Mr. JOHNSON of Texas. For just a question in that connection.

Mr. BLACK of Texas. Yes; I will yield.

Mr. JOHNSON of Texas. Is it not true that if this bill is adopted the next step will likely be that we make this uniform with reference to all States, and would not that be the result?

Mr. BLACK of Texas. Undoubtedly that would be the next logical step in accordance with the way things usually go. I will now yield to the gentleman from Oregon.

Mr. WATKINS. Suppose we pass this bill and some national banks adopt branch banking in cities of those States which allow it now; could such a State in the future circumscribe and prevent branch banking to the extent that it would eliminate those national banks?

Mr. BLACK of Texas. No; I do not think so. I do not think any State would have that much power. Congress has the power under the Constitution to establish national banks, and no State would have the right to pass a law which would interfere with that power.

Mr. RATHBONE. Will the gentleman yield?

Mr. BLACK of Texas. I can not yield. I wish I had the time, but I have only five minutes more. If I have the time, I will yield to the gentleman. Now, after having made a careful study of this whole subject, having listened to the hearings, and studied the recommendations of different prominent and able men, I am forced to these two conclusions: Either branch banking is a wise, helpful, economic development and ought to be extended to all national banks similarly situated, or else it is an evil that ought to be guarded against, and the power and authority of Congress ought to be exercised in this bill to further limit and prohibit it instead of extending and expanding the authority.

Now, I take the view that it is an evil; I take the view that it will not be helpful to the economic development of the country, and therefore I expect to oppose the provisions of this bill and do what I can to make the language of the bill more prohibitive and more restrictive in character.

At the present time we have more than 8,000 national banks in the United States; to be exact, we have 8,085. The combined resources of these banks, including their capital stock, their deposits, their surplus, and their undivided profits, are more than $22,000,000,000.

The most of these 8,000 national banks are operating and conducting their banking business as independent banking units. I believe in that. Independent banking is in accordance with the very genius of the country.

Mr. CARTER. How many branch banks are there now?

Mr. BLACK of Texas. I have not the figures, but I will insert them before the consideration of this bill is concluded. A great Virginian named Patrick Henry once made a notable speech, with which we are all more or less familiar, and in that speech he said something like this:

> When will we resist British tyranny? Will it be when a British soldier is stationed at every door?

The CHAIRMAN (Mr. MAPES). The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Mr. Chairman, I ask one more minute.

Mr. STEAGALL. Mr. Chairman, I will yield the gentleman one more minute.

The CHAIRMAN. The gentleman from Texas is recognized for one additional minute.

Mr. BLACK of Texas. I ask, When will we preserve our independent banking system? Will it be when every independent bank is either absorbed or driven out of business by these larger banking units and a branch bank is established in every section of our larger cities? No. The time to preserve it is now, and therefore I intend to use such power and influence as I may have on that side of the question. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK of New York. Mr. Chairman and gentlemen of the committee, I am not opposed to branch banking as such; in fact, I think that banks are about the best scenery we have in the country. But I am opposed to this bill; in the first place, because I think it is a lopsided proposition. It is neither 100 per cent good nor is it 100 per cent bad; it is about 2 per cent good.

When I first saw this bill I thought it was my duty to consult with our State superintendent of banks, Mr. George McLaughlin, who happens to be the president of the National Association of Supervisors of State Banks, and I consulted the right man. It seems that the supervisors of State banks at a conference concluded that this bill, without amendment, was an injurious proposition to the State banks, and they based it on this conclusion: It seems that the Federal Reserve Board, anxious to meet the competition of the State banks against the national banks, and unable to get the congressional action it seeks in this bill, passed certain regulations. These regulations were to retard the State banks in their competition with national banks. The regulations are generally known as Regulations H. This bureaucracy, known as the Federal Reserve Board—with which I have no quarrel generally, and with which Mr. McLaughlin has no other quarrel but these regulations—saw fit to make certain conditions which should apply only to State banks and not apply to national banks. And I say this, that Mr. McLaughlin, operating on behalf of all the State banking administrations of the country, is acting on behalf of a democratic principle in government.

The Federal Reserve Board and the Federal reserve system was never supposed to be the fiscal administration of State banking systems. It was never supposed to be anything more than an accommodation, a credit system; but it proposes under these regulations to go into the internal administration of State banking departments in the interest of the competitive help which the national banks required because they could not get legislation. And I say this: When you give the national banks legislation, then stop the artificial help they are getting from the regulations. That is the only fair thing to do. The best argument I have on that situation is the statement which the gentleman from Pennsylvania [Mr. McFADDEN] put in the RECORD. You will find on page 1469 of the RECORD the following:

> The board has for years been attempting to get Congress to enact legislation putting national banks on an equal footing with State banks with regard to branch banking, and Congress has so far failed to enact such legislation. This congressional inactivity, combined with the rapid spread in recent years of branch banking on the part of State banks, together with the absorption of national banks and their conversion into branches, has compelled the board to do what it could to relieve the situation through the issuance of these regulations, but the board did so very reluctantly and would much prefer to see the subject dealt with by Congress.

I say that when Congress deals with the subject let Congress take over this function of legislating and let Congress legislate on these conditions. Let Congress make conditions equally applicable to the national banks and to the State banks. Let Congress do away with these artificial stimulants that the Federal Reserve Board has given the national banks.

I also quarrel with the committee as to the question of emergency mentioned in the report. There is no such emergency as the committee would point out justifying this bill.

The New York Times of this morning, reviewing last year's developments among the banks, has this to say: "Condition statements of the national banks have shown, with few exceptions, a record growth in 1924." There is no need for this hasty legislation and there is no emergency justifying this bill.

Mr. NELSON of Wisconsin. Will the gentleman yield?

Mr. BLACK of New York. I can not yield now.

The day before yesterday the Phoenix National Bank absorbed the Metropolitan Trust Co. The national banks can get along with these regulations, and those who say that they are against branch banking but for this bill can get sufficient relief against State competition by the broad provisions of section 9 of the Federal reserve act.

Mr. Chairman, under leave granted to extend my remarks in the RECORD I insert the following proposed amendment to the McFadden bill:

> Amendment to be offered to the McFadden bill by Mr. BLACK of New York: Page 11, line 3, after the word "That," strike out everything down to line 7 on page 19 and insert in lieu thereof the following: "Section 9 of the Federal reserve act be amended to read as follows:
>
> "'SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, desiring to become a member of the Federal resreve system, may make application to the Federal Reserve Board, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board may permit the applying bank to become a stockholder of such Federal reserve bank if it conforms to this act.
>
> "'SECTION I. BANKS ELIGIBLE FOR MEMBERSHIP
>
> "'In order to be eligible for membership in a Federal reserve bank, a State bank or trust company must have been incorporated under a special or general law of the State or district in which it is located,

"'No applying bank can be admitted to membership in a Federal reserve bank unless—

"'(a) It possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national bank act, or

"'(b) It possesses a paid-up, unimpaired capital of at least 60 per cent of such amount, and, under penalty of loss of membership, complies with the rules and regulations herein prescribed by the Federal Reserve Board fixing the time within which and the method by which the unimpaired capital of such bank shall be increased out of net income to equal the capital required under (a).

"'In order to become a member of the Federal reserve system, therefore, any State bank or trust company must have a minimum paid-up capital stock at the time it becomes a member, as follows:

If located in a city or town with a population of—	Minimum capital if admitted under clause (a)	Minimum capital if admitted under clause (b)
Not exceeding 3,000 inhabitants	$25,000	$15,000
Exceeding 3,000 but not exceeding 6,000 inhabitants	50,000	30,000
Exceeding 6,000 but not exceeding 50,000 inhabitants	100,000	60,000
Exceeding 50,000 inhabitants	200,000	120,000

"'Any bank admitted to membership under clause (b) must also, as a condition of membership, the violation of which will subject it to expulsion from the Federal reserve system, increase its paid-up and unimpaired capital within five years after the approval of its application by the Federal Reserve Board to the amount required under (a). For the purpose of providing for such increase every such bank shall set aside each year in a fund exclusively applicable to such capital increase not less than 50 per cent of its net earnings for the preceding year prior to the payment of dividends, and if such net earnings exceed 12 per cent of the paid-up capital of such bank, then all net earnings in excess of 6 per cent of the paid-up capital shall be carried to such fund, until such fund is large enough to provide for the necessary increase in capital. Whenever such fund shall be large enough to provide for the necessary increase in capital, or at such other time as the Federal Reserve Board may require, such fund, or as much thereof as may be necessary, shall be converted into capital by a stock dividend or used in any other manner permitted by State law to increase the capital of such bank to the amount required under (a): *Provided, however,* That such bank may be excused in whole or in part from compliance with the terms of this paragraph if it increases its capital through the sale of additional stock: *Provided further,* That nothing herein contained shall be construed as requiring any such bank to violate any provision of State law, and in any case in which the requirements of this paragraph are inconsistent with the requirements of State law the requirements of this paragraph may be waived and the subject covered by a special condition of membership to be prescribed by the Federal Reserve Board.

"'The application for membership shall be on such forms as prescribed by the Federal Reserve Board and shall be subject to such rules and regulations as the board may prescribe within the provisions of the Federal reserve act.

"'In passing upon an application the Federal Reserve Board shall consider—

"'(a) The financial condition of the applying bank or trust company and the general character of its management;

"'(b) Whether the corporate powers exercised by the applying bank or trust company are consistent with the purposes of the Federal reserve act; and

"'(c) Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to prevent proper compliance with the provisions of the Federal reserve act and the regulations of the Federal Reserve Board made in conformity therewith.

"'Such bank or trust company shall reduce to and maintain within and exercise its powers with due regard to the safety of its customers.

"'Such bank or trust company shall not reduce its capital stock except with the permission of the Federal Reserve Board.

"'Such bank or trust company shall reduce to and maintain within limits prescribed by the laws of the State in which it is located any loan which may be in excess of such limits.

"'Such bank or trust company may accept drafts and bills of exchange drawn upon it of any character permitted by the laws of the State of its incorporation, but the aggregate amount of all acceptances outstanding at any one time shall not exceed the limitations imposed by section 13 of the Federal reserve act; that is, the aggregate amount of acceptances outstanding at any one time which are drawn for the purpose of furnishing dollar exchange in countries specified by the Federal Reserve Board shall not exceed 50 per cent of its capital and surplus, and the aggregate amount of all other acceptances, whether domestic or foreign, outstanding at any one time shall not exceed 50 per cent of its capital and surplus, except that the Federal Reserve Board, upon the application of such bank or trust company, may increase this limit from 50 per cent to 100 per cent of its capital and surplus: *Provided, however,* That in no event shall the aggregate amount of domestic acceptances outstanding at any one time exceed 50 per cent of the capital and surplus of such bank or trust company.

"'The board of directors of said bank or trust company shall adopt a resolution authorizing the interchange of reports and information between the Federal reserve bank of the district in which such bank or trust company is located and the banking authorities of the State in which such bank is located.

"'Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Federal Reserve Board, and stock issued to it shall be held subject to the provisions of this act.

"'All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relates to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section 5209 of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within 10 days after the date they are called for shall subject the offending bank to a penalty of $100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal reserve bank by suit or otherwise.

"'The Federal Reserve Board shall have the right to order a member bank—

"'To discontinue any unlawful or unsafe practices.

"'To make good an impairment of its capital.

"'To make good encroachments upon reserves.

"'To comply fully with any of the applicable provisions of this act.

"'As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

"'Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined.

"'If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

"'Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than 25 per cent of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash-paid subscription with interest at the rate of one-half of 1 per cent per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

"'Banks becoming members of the Federal reserve system under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section 5240 of the Revised Statutes as amended by section 21 of this act. Subject to the provisions of this act made pursuant thereto, any bank becoming a member of the Federal reserve system shall retain its full charter and statutory rights as a State bank or trust company and may continue to exercise all corporate powers granted it by the State in which it was created and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than that which could be borrowed lawfully from such State bank or trust company were it a national banking association.

"'The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this section and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

"'It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal reserve system upon hearing by the Federal Reserve Board.'"

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MORTON D. HULL].

Mr. STENGLE. Will the gentleman yield for a question before he begins his address?

Mr. MORTON D. HULL. I wish to say in advance that I shall be very much obliged if gentlemen do not interrogate me while I am speaking.

Mr. STENGLE. I did not want to interrogate the gentleman, but wanted to offer a question and have it discussed. I am looking for light and I thought the gentleman could give it to me.

Mr. MORTON D. HULL. I do not know whether I can or not. The gentleman can wait and see.

I have no sympathy with harangues which are addressed to popular prejudice and directed against successful business. If there are profiteers in the banking business, there are profiteers in all kinds of business, large and small.

According to my own convictions, the banking fraternity have an interest in the welfare of the community which, as a matter of fact, makes them more responsive to the public service than almost any other business in America. I therefore have a high respect for the banking profession. While I say this, I do not wish to join in any proposal that can in any way justify the harangues such as I have heard suggested through the centralization of bank control or the control of large resources, and therefore, while I am in favor of this bill, I have been reluctant to accept its provisions with reference to branch banking without offering to the Members of this House certain amendments.

A better understanding of these amendments perhaps will be had by a brief recital of the facts. You know that the Federal law, broadly speaking, does not permit branch banking. It has been suggested on the floor that it does, and it does in a limited way. The gentleman from Oklahoma [Mr. CARTER], I believe, asked how many national banks were engaged in the branch-banking business. My recollection is that out of over 8,000 national banks there are something over 100 that do a branch-banking business. State banks, however, in 17 States are expressly authorized to do a branch-banking business, and there has resulted competition on the part of these State banks with national banks for new business that has been embarrassing to the national banks in those particular jurisdictions. As a result there have been withdrawals from the national banking system and to that extent a weakening of the whole structure of the Federal reserve system, and it is feared that if these withdrawals continue, they may result in a gradual undermining of the whole Federal reserve system.

This bill proposes, in order to put national banks on an even competitive basis with State banks, that wherever by present State law or by any State law hereinafter enacted, State banks are permitted to do a branch-banking business, national banks shall be permitted to do a branch-banking business. There are certain geographical limitations, that branch banking so conducted in such jurisdictions shall not be outside of the city limits of the domicile of the parent bank and shall be limited in the number of branch banks. With these particular limitations, I am not immediately concerned. I am willing to go along with this bill so far as it is necessary to put national banks now on an even competitive basis with State banks, but I am reluctant to go any further.

I think we should retain the authority in this Congress to determine how much further branch-banking business on the part of the national banks shall go, and therefore I am proposing that instead of permitting national banks to do any branch-banking business wherever now or hereafter State banks are permitted to do branch-banking business that we shall provide that wherever at the time of the approval of this act State banks are authorized by law to do a branch-banking business national banks shall be permitted to do a branch-banking business, but that we shall retain for ourselves the right to determine how much further at any time in the future we may wish to go with the license to national banks to do branch banking instead of surrendering that discretion to the States.

The bill proposes also, with reference to State banks, that State member banks hereafter shall not be permitted to establish branch banks outside of the domicile of the parent banks; and that applying banks—that is, branch banks that may in future seek to come into the Federal reserve system—shall not be permitted to come into the Federal reserve system unless they drop any branch banks that may exist outside of the city in which the parent bank is located.

I am proposing, with reference to those State banks that are members of the Federal reserve system, that wherever at the time of the approval of this act branch banking is not permitted, State banks shall not be authorized to take advantage of any law that may thereafter be passed in their own States permitting branch banking, to establish thereafter a few branch banks, and then come into the Federal reserve system.

Mr. STEAGALL. Will the gentleman permit an interruption?

Mr. MORTON D. HULL. In just a moment.

I know the question will be asked what will happen in case States not now permitting branch banking shall hereafter pass laws permitting branch banking. It will be said that in such event an unbalanced situation will again arise, and we shall have national banks in any such jurisdiction handicapped in competition with State banks. If that should happen, that would be true, and we would again have to come back to Congress and review the subject in the light of longer experience and a better understanding of the whole situation.

I am bringing this suggestion to your minds that the bill as presented here really accelerates, to my mind, the growth of branch banking, because it makes it a matter of interest to national banks in the jurisdictions which do not now permit branch banking to go to legislatures of those particular States and to get branch-banking legislation given to their own State banks, and then they will be in a position to come in and do branch banking themselves. I am hoping and expecting, if the amendments which I shall propose are adopted, that they will create an interest in the States which do not now permit branch banking which will retard the growth of branch-banking legislation on the part of those States. It will be against the interests of the national banks in any such State to have an act passed which will permit State banks to do a branch-banking business; they will be interested in going before the legislatures of their States and using their influence against any State permitting branch banking.

Furthermore, it will be in the interest of State banks that are members of the Federal reserve system, if my amendments are adopted, if they value their membership in the Federal reserve system, to work against legislation in their own States permitting branch banking.

So I have the confident feeling that the adoption of my amendments, which I shall propose, will retard the branch banking in any State which does not now permit it and may prevent altogether legislation of that kind.

I want to say that under the provisions of this bill there are three methods by which national banks doing a branch-banking business can come into being as branch-banking national banks. One is by consolidation of a national bank with a State bank that is doing a branch-banking business. The second way is by the conversion of a State bank doing branch-banking business into a national bank, and the third is by the application of the national bank made to the Comptroller of the Currency, asking permission to open up a branch bank, and receiving permission from the Comptroller of the Currency.

The last is the way ordinarily, I assume, in nine cases out of ten that national banks would go into the business of branch banking. The others, the backdoor methods, would probably only take up a few cases. It means, however, in order to get the amendments I am proposing that they will have to be made to four sections of the bill.

Now, Mr. Chairman and gentlemen, these amendments are not made in any spirit of hostility to the bill, but in an effort to reconcile differences and to work out some practical plan for the settlement of the pressing problem in the banking world and to enable us to pass some legislation on this general subject.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CELLER. Mr. Chairman and gentlemen——

Mr. STENGLE. Will the gentleman yield for a question before he begins? I do not want to take up his time but there is a question that bothers me and I want to be right. A statement was made by the gentleman from Alabama [Mr. STEAGALL] that the entire committee agreed that the whole thing was wrong in principle. I would like for somebody to prove that it is right in practice, if it is wrong in principle.

Mr. CELLER. Well, I have only five minutes but I will do the best I can. Gentlemen of the committee, as a vice president of a small New York City bank, and somewhat familiar with the conditions in New York City, I wish to state at the outset that I am in favor of this bill, but on condition that the amendments suggested by the New York State superintendent of banks, in whole or mainly in part, shall be accepted by the committee.

Furthermore, I want to take exception to the remarks of the distinguished gentleman from Pennsylvania [Mr. McFADDEN], in reference to what he said yesterday in criticism of the attitude of our superintendent of banks, Mr. McLaughlin. Mr. McLaughlin has under his control in State bank resources over $9,000,000,000. This is more than the combined State bank resources of the States of Michigan, Illinois, Pennsylvania, and Massachusetts. He has never had a bank failure under his supervision. He brings to bear upon his important work a rare skill, broad experience in banking affairs, and a splendid integrity of purpose, and therefore anything he may say deserves careful consideration by anyone anywhere. I think the heavy strictures laid on Mr. McLaughlin for suggesting amendments to this House are as unjustifiable as they are unfounded.

Now, what are the conditions with reference to New York? I do not care whether you believe in branch banking or not. I know, however, that every well known political economist in the United States is in accord on the efficacy of branch banking. You have in your hearings this statement by Prof. O. M. W. Sprague, in the Quarterly Journal of Economics:

> Upon few subjects has the concensus of opinion of both economists and financial writers been more general than upon the advantages of branch banking over a system of separate local banks. Its superiority in respect to safety, economy, the equalization of rates for loans, and the diffusion of banking facilities can not be questioned.

I am not a political economist, but as an observer of general banking conditions I say, branch banking is with us and is with us to stay. It is too late to stop it, even if it is an evil. It has progressed too far. Comparatively few States prohibit branch banking and in these States where it is allowed the branches are limited to the cities or counties. This bill in the main seeks to arrest the present growth and development of branch banking and in that sense is praiseworthy. It will prevent State banks and trust companies which are members of the Federal reserve bank from opening additional branches beyond the corporate limits of the city where the parent bank is situated and at the same time will allow national banks the right to open branches within the same municipalities, but such branches shall be limited to said municipalities. The national banks shall have the same rights as well as the same limitations as State banks. If a State prohibits branches to State banks, then a national bank in that State shall likewise be denied the right of branching out.

In States allowing branch banking a very anomalous situation has arisen. State banks have branched out but national banks could not legally acquire branches except by merger and consolidation. This has given rise to a condition of unfair competition, with State banks having the better of it.

The New York Corn Exchange Bank has 58 branches. It is a State member bank of the Federal reserve. Our Bank of Manhattan, being one of the oldest banks in New York City, has 33 branches. The Manufacturers' Trust Co. of New York has, I believe, 12 branches. It is unfair to make the national banks in New York City, with no legal power to branch, meet that competition, where these State banks are enabled by our State law to reach out and get all the business to be had in the city of New York, with its five great boroughs and hundreds of small communities. For that reason and because this bill seeks to put national banks on a parity and equality with State banks I am for this bill; but you do not go far enough, and unless you go the distance in the main suggested by Mr. McLaughlin, the State superintendent of banks in the State of New York, I am going to be against the bill. Why do I say that? When the State banks entered the Federal reserve system, principally in 1917—a great many of them were impelled to do so by patriotic motives as a result of the World War—they were distinctly told that the charter rights granted to them by the State banking department would not be interfered with; but the Federal Reserve Board has constantly, by regulations under section 9 of the Federal reserve act, sought to lay down most rigid and exacting conditions upon State banks seeking to establish branches. These regulations are direct interferences with charter rights. They have told the State banks that they have to have their reserves in a certain form, their assets and investments in a certain form, and that the operation of their branches must be under certain prescribed conditions. Now, what is sauce for the goose shall be sauce for the gander. Amend the bill before us to provide that any regulations or rules laid down by the Federal Reserve Board concerning State member banks in the opening of branches shall with equal force be binding upon national banks opening branches. Further, amend your bill so that charter rights guaranteed State banks concerning branches shall not be abridged or taken away. New York State, for example, requires an increase of paid-up capital of $100,000 for each branch of a State bank. When a national bank in New York seeks to open a branch let that national bank likewise pay in as additional capital $100,000. In other words, let there be equality all along the line, then I shall vote for the bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WINGO. Mr. Chairman, I yield four minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, this bill presents a new theory of legislation. If this bill becomes a law it will be known as homeopathic legislation. In order to cure the evil of branch banking, the bill would legalize and establish branch banking. But, gentlemen, permit me to digress just one moment to refer to remarks made yesterday by the gentleman from Indiana [Mr. WOOD]. I suppose in years to come when students will be looking for the history of the legislation on branch banking they will study the learned and scholarly presentation of the case to be found on page 1580 of the RECORD of January 9, 1925, made by the chairman of the Republican Congressional Committee, the distinguished gentleman from Indiana [Mr. WOOD]. I am sure that his presentation will stand out in glaring contrast to the arguments on Federal banks and national banks that have been made in this House throughout the history of the country. I am not standing here to-day to defend anyone. Surely the statesman attacked by the gentleman from Indiana needs no one to defend him. But, gentlemen, you all must admit that whether you like the Senator or not, there is not a man living to-day, Member of the House or Senate, who has written more sound legislation than the distinguished Senator from Wisconsin, ROBERT M. LA FOLLETTE. Senator LA FOLLETTE has contributed his genius to every important piece of legislation that has been passed by the American Congress in the last quarter of a century. He has the ability to understand conditions. Senator LA FOLLETTE has sought to write laws carrying out the spirit and intent of the Constitution applied to existing conditions and to fit changed conditions brought about by the growth of commerce, industry, and finance. A study of the history of the legislation concerning our Federal reserve system will show what an important part Senator LA FOLLETTE took in the making of these laws. Yet yesterday we heard the feeble attempt made to the extent of the gentleman's limitations to ridicule this great statesman. The record of Senator LA FOLLETTE as a statesman, an economist, and a legislator will stand out and live long after many inconspicuous and colorless Representatives dragged into office by a party emblem will have been entirely forgotten. The gentleman took occasion to refer to the Senator's absence during consideration of the Howell-McNary bill. Such criticism I would consider ungenerous, if not unfair, as it is public knowledge that the Senator at the time was seriously sick, stricken with pneumonia. Even the Senator's enemies will admit that he is not the kind of a man that runs away, stays away, or avoids declaring himself on any issue. As to my colleague's reference to those of us who followed the Senator in the last election, I say that we have nothing to regret. I did what I believed was the proper thing to do, and, under the same conditions and circumstances, I would do it over again.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Chairman, I yield now to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, I desire to say a few words in explanation of section 4 of this bill, which seeks to amend section 5138 of the Revised Statutes. This section 4 was incorporated in this bill at my suggestion and as a result of a bill, H. R. 4096, which I introduced in the last session of Congress. The only new matter introduced into section 5138 of the Revised Statutes by this amendment is in the last four lines which read as follows:

except that in the outlying districts of such a city banks now organized or hereafter organized may, with the approval of the Comptroller of the Currency, have a capital of not less than $100,000.

Section 5138 of the present national bank act now provides that—

No association shall be organized with a less capital than $100,000, except that banks with a capital of not less than $50,000 may, with the approval of the Secretary of the Treasury, be organized in any place the population of which does not exceed 6,000 inhabitants, and except that banks with a capital of not less than $25,000 may, with the sanction of the Secretary of the Treasury, be organized in any place the population of which does not exceed 3,000 inhabitants. No association shall be organized in a city the population of which exceeds 50,000 persons with a capital of less than $200,000.

In the year 1904 or 1905 the Comptroller of the Currency, acting upon the opinion of the Solicitor of the Treasury, permitted the organization of several banks in places within the territory added to the city of New York by the extension of its corporate charter. The charter granted to the city of Greater New York in 1898 included a considerable territory in which there were located country and farming districts and small towns and villages. Many such districts and towns and villages still exist with not a very great increase of population. They are still, to all intents and purposes, separate and distinct communities, having populations of from 5,000 to 20,000 inhabitants. Subsequent Comptrollers of the Currency, following the precedent established, issued charters to banks in such communities, not only within the territory added to the city of New York, but, as I am informed, in similar territory added to other cities in the United States, such as Boston and Chicago, so that there now exist in territory such as described upwards of 15 or 20 national banks having capital in varying amounts from $50,000 up to $200,000.

Recently the Comptroller of the Currency, acting upon the opinion and under the direction of the Attorney General, has declined to issue charters or permit the incorporation of national banks anywhere within the city of Greater New York, with a less capital than $200,000, as provided in the last sentence of section 5138 of the Revised Statutes, and he has also issued instructions to all banks within the territory of the city of Greater New York having a less capital than $200,000 to increase the amount of such capital to the sum of $200,000.

Many of such banks which were organized under the previous ruling of the Comptroller of the Currency now find it exceedingly difficult to comply with the directions of the present Comptroller of the Currency, especially those banks which were organized in the smaller villages within the territory of the city of Greater New York. The present stockholders of these banks, for the most part, are men of moderate means and are unable to furnish the additional capital required in proportion to their present holdings of stock, and even if they could do so the earnings of these banks are insufficient to pay a reasonable return on such additional capital. It is also very difficult to sell to other investors the additional capital stock required, because of the fact that there would not be any immediate prospect or guaranty of a reasonable rate of income upon such investment, particularly if the present small surplus accumulated by these banks is distributed among the present stockholders, which must be done in justice to them before such a large increase of capital is made.

The laws of the State of New York permit the incorporation of State banking institutions within the city of Greater New York with a capital of $100,000, and if section 5138 is not amended as proposed these banks and banks similarly situated will in all probability be obliged to withdraw from the national banking system and incorporate as State banking institutions, or will have to discontinue entirely or sell out to some large bank and become branch banks.

It seems to be unjust that national banks in these small outlying communities or villages should be required to have the same minimum capital as is required for national banks in the heart of the financial districts of large cities. These communities are for the most part residence districts, and the banks serve a large number of customers who carry comparatively small balances on deposit. They render an important service to the community and their earnings are small as compared with the amount of service they give. A large majority of the residents of these communities are men having their business connections in the center of the city of New York, and consequently their moneys for the most part are on deposit in banks near their business places, their family or household accounts only being carried in local banks.

In the year 1918 a situation similar to the present one arose in connection with the banks located as hereinbefore stated. Prior to that time these banks had been permitted by the Comptroller of the Currency to carry the same reserve as country banks were required to carry under section 143 of the Federal reserve act, but in that year the then Comptroller of the Currency required such banks to carry the same reserve as the large city banks located in the heart of the financial districts. Application was at that time made to the Congress for an amendment to the Federal reserve act, and pursuant to such application the Congress amended sections 144 and 145 of the Federal reserve act so as to provide that banks located in the outlying districts of reserve cities and central reserve cities, or in territory added to such cities by the extension of their corporate charters, might be permitted by the Federal Reserve Board to carry the same reserve as was required to be carried by country banks. Such amendment was approved September 26, 1918, and the Federal Reserve Board promptly granted relief to the banks in the outlying districts to carry the same reserve as country banks.

I believe that this amendment to section 5138 is just and fair to all the banks which may be affected by it. If enacted into law it will place the matter entirely within the discretion of the Comptroller of the Currency; so that if in the future any of the communities become large and metropolitan in character, an increase of capital can be required as changed circumstances may warrant.

The Treasury Department is in favor of this amendment, and on this point I would like to call the attention of the committee to part of a letter addressed to me by the Undersecretary of the Treasury on February 29, 1924, as follows:

I received your letter of January 28, 1924, with the inclosed copy of H. R. 4096, to amend section 5138 of the Revised Statutes of the United States in relation to the amount of capital stock required for national banking corporations. I think there is a real need for some such modification as your bill provides in the capital requirements for banks located in the outlying districts of the larger cities. The suburban districts of our large cities under modern development have their own peculiar business and banking needs and are more or less economically independent.

It is very interesting to note that the Comptroller of the Currency in his last annual report strongly recommends the amendment proposed in section 4 of this bill. On this subject his report states:

Under the present law a national bank can not incorporate in a city of over 50,000 population with a capital of less than $200,000. This provision was probably a wise one at the time the national bank act was passed, because at that time practically all large cities could be roughly divided into a large business section and a single residential section. On account of the growth of some cities and changed conditions, due to the introduction of automobiles and changes in transportation, community business centers have developed at various points through parts of cities that were formerly exclusively residential. The requirements in a banking way of these districts are practically identical with those of smaller independent municipalities. There is necessity for banking facilities without the requirements of as large a capital as $200,000. Inability to provide banking facilities on account of this $200,000 limitation has had a tendency to deprive these communities of banking facilities and to promote the establishment of State rather than national banks and to create additional demands for branch banks. Such a provision would be unobjectionable and, in fact, very advantageous to permit the establishment of banks with capital of $100,000 in these outlying districts. The discretion as to the necessities of these outlying districts and the definition of what is an outlying district should necessarily be left with the comptroller, as conditions vary so widely in different sections that it is impossible to lay down any definite formula. It is quite possible and has been advocated by many that it would be wise to reduce this limitation on capitalization to $50,000. The unfortunate experience of the past year makes it undesirable to encourage the establishment of any more $25,000 banks than are already provided for by law.

This amendment therefore will bring a much-needed relief to the banks in the suburban and outlying districts now serving separate community centers and will permit them to remain in the national banking system.

Mr. McFADDEN. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. On the principle that half a loaf is better than no bread, I intend to vote for this bill. It does not, as you may gather from that preliminary statement, meet all of my own wishes, but the balance of advantage in the bill is so great that as a practical matter it would be my hope that the bill might prevail.

Mr. STENGLE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. STENGLE. Will the gentleman, with his great experience, explain for my benefit how we can put into practice a principle that is wrong and maintain our standing in the community as reliable statesmen?

Mr. LUCE. The right or wrong of the principle is hardly a pertinent question in the present juncture. I am very doubtful about my own capacity to pass judgment upon the merits of different systems of banking, nor do I conceive it to be a function of the Congress to determine whether one system or another will be the better. Gentlemen would recognize that point, I think, if they were asked here to decide whether chain grocery stores should be preferred to separate grocery stores. My own view of the matter is that, apart from the financial operations of the Government, the only function of the Congress is to protect those who use the banks. Constantly before the Committee on Banking and Currency and constantly here we are asked to favor this or that class of banks. That is a matter of indifference to me. It seems to me the concern of the Congress simply is the welfare of all of the people.

Mr. BLANTON. Mr. Chairman, on that point will the gentleman yield?

Mr. LUCE. For a brief question.

Mr. BLANTON. Will the half loaf in this bill that the gentleman speaks of benefit the people or the banks?

Mr. LUCE. A concrete example may answer the gentleman. Some years ago when I first went upon this committee I called its attention to the situation in my own city, where a river divides that small community into a "north side" and a "south side."

The State bank, namely, the trust company, was able to have offices on both sides of the river. The national bank could have an office on but one side of the river. No man connected with either institution ever spoke to me on this matter, and I am a friend of each, but my sense of fair play led me to urge upon the committee that the national bank should have the same privilege as the State bank in order that with equal opportunity for competition the maximum of benefit might accrue to the community at large. That typifies what seems to me may well be the attitude of this House toward the two systems of banking here in controversy. For the benfit of the community let them have an equal chance and then let the best horse win. Economic forces will determine which is the better system for the country. Let us not here try to interrupt what may be the operation of these economic forces when our only concern is the protection of the communities.

Mr. BLACK of New York. Will the gentleman yield?

Mr. LUCE. No; I have but a moment more. I wish to address myself to the topic on which I think the gentleman is interested——

Mr. BLACK of New York. Right on that point.

Mr. LUCE. I can not yield. The proposal that the gentleman presents amounts to this: "If you are now undertaking to revise the banking laws and you do not give me what I want upon some new, separate, and distinct proposition never considered by the committee, I am going to vote against your whole bill." What the gentleman urges has never, in the five years I have been on the committee, been discussed in the committee, and it has not been presented in any bill before the committee. It is absolutely a new proposition to us; yet the gentleman and his associates say if you will not give us a new thing, wholly foreign to what you have been studying and know something about and have formed an opinion upon; if you will not on the spur of the moment pass judgment upon a new and distinct proposition, you shall not have this revision of part of the law. That attitude seems to me unwise, untenable, and unfair. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired; all time has expired, and the Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, be amended by adding at the end thereof a new section, to read as follows:

"SEC. 3. That any bank or trust company incorporated under the laws of any State, or any bank or trust company incorporated in the District of Columbia, may be consolidated with a national banking association located in the same county, city, town, or village under the charter of such national banking association on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association, bank, or trust company proposing to consolidate, and which agreement shall be ratified and confirmed by the affirmative vote of the shareholders of each such association, bank, or trust company owning at least two-thirds of its capital stock outstanding, or by a greater proportion of such capital stock in the case of such State bank or trust company if the laws of the State where the same is organized so require, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper published in the place where the said association, bank, or trust company is located, and if no newspaper is published in the place, then in a paper published nearest thereto, unless such notice of meeting is waived in writing by all stockholders of any such association, bank, or trust company, and after sending such notice to each shareholder of record by registered mail at least 10 days prior to said meeting, but any additional notice shall be given to the shareholders of such State bank or trust company which may be required by the laws of the State where the same is organized: *Provided,* That the capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located; and all the rights, franchises, and interests of such State bank or trust company so consolidated with a national banking association in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association into which it is consolidated without any deed or other transfer, and the said consolidated national banking association shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by such State bank or trust company so consolidated with such national banking association: *And provided further,* That when such consolidation shall have been effected and approved by the comptroller any shareholder of either the association or of the State bank or trust company so consolidated who has not voted for such consolidation may give notice to the directors of the consolidated association within 20 days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors of the consolidated association, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to such shareholder he may, within five days after being notified of the appraisal, appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and the consolidated association shall pay the expenses of reappraisal, and the value as ascertained by such appraisal or reappraisal shall be deemed to be a debt due and shall be forthwith paid to said shareholder by said consolidated association, and the shares so paid for shall be surrendered and, after due notice, sold at public auction within 30 days after the final appraisement provided for in this act; and if the shares so sold at public auction shall be sold at a price greater than the final appraised value, the excess in such sale price shall be paid to the said shareholder; and the consolidated association shall have the right to purchase such shares at public auction, if it is the highest bidder therefor, for the purpose of reselling such shares within 30 days thereafter to such person or persons and at such price as its board of directors by resolution may determine: *And provided further,* That no such consolidation shall be in contravention of the law of the State under which such bank or trust company is incorporated; *And provided further,* That, except as to branches in foreign countries or dependencies or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches which may have been established beyond the corporate limits of the city, town, or village in which such consolidated association is located."

Mr. WINGO. Mr. Chairman, I move to strike out, commencing with the words "*And provided,*" in line 22, on page 3, all the following language down to and including line 4, on page 5.

The CHAIRMAN. The gentleman from Arkansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. WINGO: Beginning on page 3, line 22, after the word "association," strike out the remaining language on page 3, all of page 4, and down to and including line 4 on page 5.

Mr. WINGO. Now, Mr. Chairman, the effect of my amendment strikes out that part of the bill that undertakes to fix what shall be the rights of a dissenting stockholder in a State institution that is consolidated with a national bank. It is true that on page 5, line 5, there is a provision that no such consolidation shall be in contravention of the State law, but that does not cure the proposition involved in my amendment. Let us see, gentlemen, what you propose to do by the language I want to strike out. You say that if you are a stockholder in a State institution, a State bank, the majority of whose directors have voted to consolidate with a national bank and you do not believe in the consolidation, you do not propose to continue in the consolidated corporation and keep your stock, then Congress says to the man, who has got property by virtue of State laws, that his property shall be disposed of in a specific way, and if he does not take steps that Congress has provided within 20 days he will forfeit his rights. Let me submit to every lawyer on this floor that the right of a stockholder in a State corporation is beyond the power of this Congress to control. It is a matter that the State law provides. Every State law of this Nation has a provision which covers the question of the rights of a minority stockholder who does not care to continue when the corporation is consolidated with some other corporation. Now, Congress in its wisdom says, we will wipe out your State statute and we will set up a little rule of our own and say that if that stockholder does not do so and so in 20 days after a certain not:ce, accept a certain kind of appraisal, he shall get out. Merely to state the proposition to any legal mind shows it is an absurdity. Oh, but gentlemen may say, "If what you say is true this is merely surplus language." I think that is true. Why, if I represented a minority stockholder in a State bank consolidated I would snap my fingers in the face of the comptroller and say there is no power in the Constitution of the United States that can give the Congress the right to limit, prescribe, add to, or take from the rights accruing to me by virtue of State statute creating the State corporation.

Mr. MOORE of Virginia. Mr. Chairman, may I ask the gentleman from Arkansas a question?

Mr. WINGO. Yes.

Mr. MOORE of Virginia. If it is permissible for Congress to do as contemplated by this bill in the way proposed, to dispose of the rights of a stockholder in any State bank, would it not be equally permissible for Congress to enact legislation absolutely controlling the State banks?

Mr. WINGO. Absolutely; because the rights of the stockholders as a whole constitute the rights of the corporation. The corporation is simply an organization using the right of the stockholders; and, if you can control the individual right of a stockholder, you can control the rights of the corporation.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WINGO. Then in a State corporation you can control the corporation itself if you control the right of the individual stockholder. Now, gentlemen, if you can compel one stockholder to surrender his property rights in a certain way and accept a certain sum, you can pass an arbitrary enactment and say you can compel him to accept a fixed price.

Gentlemen, let us have no misunderstanding in this matter. I am jealous not alone of the rights of the States but I believe the rights of the States and the rights of the Federal Government are reciprocal. I believe in the right of the Federal Government to control its national activities, and one of the best ways to do that is for the National Government to keep its hands off the States and not invade the property or personal rights of individuals under State laws. Let the National Congress attend to its own business, and let the State legislatures attend to their own business.

The viciousness of this proposition is apparent. In one breath you say Congress will not undertake to say what every national banker shall do, but in response to the cry of expediency in another breath you say "We will let the right of the State control." I am opposed to the National Legislature undertaking to dictate to and control the right of the individual that exists under State laws and State charters.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WINGO. I yield to the gentleman.

Mr. RANKIN. I would like to ask the gentleman if the same argument would not apply in opposition to the theory here that the Federal Government can give two-thirds or three-fourths of the stockholders of a State bank the right to consolidate that bank with a national bank?

Mr. WINGO. Yes. But there is another provision which I forced them to put in that I think cures that.

I think we have probably guarded that. But anyway, if you leave to the stockholder his rights guaranteed to him by the charter under State law, he can take care of himself.

But, gentlemen, we should not undertake to say to the stockholder of a State institution when you take stock in a State bank that right may be controlled by the Federal Government by saying, "If you do not submit to a certain thing and do not do a certain thing, you must submit to a certain proposal and a special practice."

Mr. WILLIAMS of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. WILLIAMS of Michigan. Does not the gentleman realize that in the provision that he undertakes to strike out there is the language that he referred to, but in another provision there is a definite statement to the effect that "nothing can be done in contravention with the State law?"

Mr. WINGO. Oh, no; that is not there. If you would say that "nothing can be done in contravention with State laws" I would accept it.

Mr. WILLIAMS of Michigan. It says there shall be no consolidation, and so forth.

Mr. WINGO. Yes; but after the consolidation you undertake to determine the rights of the stockholder who did not go into the consolidation.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. NEWTON of Minnesota. Does the gentleman construe that as mandatory, or merely as permissive if he chooses to follow it?

Mr. WINGO. I do not think it is worth the paper that it is written on. If I were a stockholder, I would undertake to preserve my rights under State law.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. STEVENSON. I think the amendment I sent up to the desk will cure the trouble that the gentleman conceives. It is to be inserted at the end of line 4, on page 5. I ask, Mr. Chairman, that it be read.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 5, line 4, after the word "determine," insert "*And provided further*, That the value of such shares of stock in any State bank or trust company shall be determined in the manner prescribed by the law of the State in such cases, if such provision is made under the State law; otherwise, as hereinbefore provided."

Mr. STEVENSON. Now, gentlemen, in answer to the proposition that this is an overriding of the rights of the State, I wish to say that if a State proposes to make any provision at all for winding up a corporation under those circumstances, then that provision shall prevail.

How is that such a tremendous invasion of individual rights? Let us see what is done. If a stockholder does not go along and vote, and two-thirds of the stockholders do vote, the nonvoting stockholders have the right to prefer a demand for this stock—the value of it. It is then appraised, and then it goes to the Comptroller of the Currency, who makes another appraisement, for which the people have to pay the expense.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield right there for a question for information?

Mr. STEVENSON. Yes, sir.

Mr. BANKHEAD. The bill provides:

And in case the value so fixed shall not be satisfactory to such shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made.

Now, what is the character of that reappraisal? Is it made by the same three men who made the first one?

Mr. STEVENSON. To be sure not. They would not appeal from one court and refer it back to the same court to decide the thing again. The proposition is that a reappraisal is made under such directions as the comptroller may give.

Mr. BANKHEAD. But they are not stated.

Mr. STEVENSON. Just wait a minute and I will answer the whole business. It does not end there. What are you trying to get at? The value of the stock. When that appraisal is made and it is not satisfactory, the provision is that then you can not take the man's stock, even if he is willing to take it, but you have got to put it up at public sale after 30 days' notice, and then it shall be sold to the highest bidder at public sale, and if at that sale it brings more than the appraisement, then the man who owns the stock gets the surplus, and he is absolutely protected. What has he got to do? All he has got to do is to see that the stock brings what he thinks it is worth, because they are bound to bid it in or settle with him, one or the other. So there is no invasion of his rights, especially under the provisions of the amendment which I offer.

Mr. LOZIER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. LOZIER. Is it not fundamental that the rights of a stockholder in the assets of a corporation created by a State are determined by the laws of the State creating the corporation?

Mr. STEVENSON. Yes; so fundamental that we recognize it by writing it in here twice, and I am writing it in again, or offer to do so by my amendment.

Mr. DEMPSEY. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. DEMPSEY. I call the gentleman's attention to the language of the bill, which clearly shows that the second appraisal is a different one than the original appraisal. The first appraisal is one to be made by three men, one to be selected by the shareholder, one by the consolidated corporation, and the third by those two. Now, the second appraisal is to be made by the comptroller, and, of course, he could not appoint the three in that way. So it must be a distinct and entirely new reappraisal.

Mr. STEVENSON. But the final proposition of the whole business is that that does not terminate the right of the stockholder, for he has a right, when it is advertised and sold at public outcry, to make it bring 100 or 125 per cent if he wants to, and if he does that he gets all the surplus that is left over and above the appraisement.

The CHAIRMAN. The time of the gentleman from South Carolina has expired. The Chair would like to inquire of the gentleman from South Carolina whether he desires to offer his amendment at this time, because, it being a perfecting amendment, it is entitled to be disposed of before the amendment to strike out.

Mr. STEVENSON. Then, Mr. Chairman, I offer it as an amendment at this time.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 5, line 4, after the word "determine," insert: "*And provided further,* That the value of such shares of stock in any State bank or trust company shall be determined in the manner prescribed by the law of the State in such cases if such provision is made in the State law; otherwise as hereinbefore provided."

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, the question of the method of the second appraisal, I think, is a matter of some importance. I merely ask the gentleman from South Carolina [Mr. STEVENSON] to explain to us the method of the second appraisal in order that we may have in mind the machinery the comptroller will use in determining the value of the stock on the second appraisal.

Mr. STEVENSON. Frankly, if the gentleman asks me that question, I will say I do not know. It has been in effect in relation to national banks for some years, and if the gentleman from Alabama will call up the comptroller I think he will probably be able to ascertain the procedure followed by the comptroller, which I do not know.

Mr. BANKHEAD. I thought we might legitimately expect information from the members of the committee. I have been very much inclined to support the bill and was merely seeking information on this point in connection with the phraseology of the bill.

Mr. STEVENSON. I regret very much that I do not know what course the comptroller follows.

Mr. BANKHEAD. Well, I will ask the chairman of the committee, the gentleman from Pennsylvania [Mr. MCFADDEN], if he has in mind the method by which the second appraisal of the value of the stock is made in the event the stockholder is dissatisfied with the report on the first appraisal? In other words, what men will he appoint and what will be their interest or disinterest in ascertaining the value of the stock of this protesting stockholder? Can the gentleman from Pennsylvania enlighten the committee upon that proposition?

Mr. DEMPSEY. May I make a suggestion to the gentleman?

Mr. BANKHEAD. No; I was addressing myself to the chairman of the committee. I am trying to get some information on this point.

Mr. McFADDEN. I do not know that any definite procedure has been provided. The suggested amendment has been given careful consideration by the gentleman from South Carolina [Mr. STEVENSON], but I have not given mature deliberation to that section, so that I do not know the procedure to be followed.

Mr. BANKHEAD. This is the text of the original bill, and I presumed the chairman had given considerable thought to that.

Mr. DEMPSEY. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. DEMPSEY. Would it not be a matter of detail to provide how the comptroller should reappraise in each instance, and would it not detract from instead of adding to the usefulness of the bill? Should he not make the reappraisal in each instance in accordance with what he found to be the best method to exist in that particular case?

Mr. BANKHEAD. The gentleman asked me whether this would not be a mere matter of detail, but it seems to me it is a matter of importance for the protesting stockholder to know exactly to what character of machinery his property rights are to be submitted; and does not the gentleman think that inasmuch as the method of ascertaining the value in the first instance is provided, that in the second instance—which is in the nature of an appeal by a stockholder—that it is equally important that the bill should prescribe the method of the second appraisal and what steps the comptroller should take to determine that question, which is of much importance to the protesting stockholder?

Mr. DEMPSEY. I am afraid it would result in injustice to the stockholders, because I think that we must assume the comptroller would be honest and do the best he could, and I believe he could do better without laying down hard and fast rules as to how he could proceed. He would be enabled to proceed in such instances in the light of the facts then existing.

Mr. JACOBSTEIN. Will the gentleman from Alabama yield?

Mr. BANKHEAD. Yes.

Mr. JACOBSTEIN. Does it not appear from this situation that it might be very useful to have the Cabinet officer here to explain this to you?

Mr. BANKHEAD. With the general information of the present Cabinet officers I doubt very much if it would be.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. WATKINS. Mr. Chairman, I ask unanimous consent that the gentleman may have an extra minute. I want to submit a question to him.

The CHAIRMAN. The gentleman from Oregon asks unanimous consent that the gentleman from Alabama may proceed for one additional minute. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, I think if we could send for the comptroller and have him come up here and explain what this bill means we might vote more intelligently.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WATKINS. In the first appraisal the owner of the stock has a voice in naming who shall be the appraisers.

Mr. BANKHEAD. Yes.

Mr. WATKINS. In the second appraisal he has no voice at all. It is left entirely to the comptroller, who might appoint anybody and they might all be inimical to the interest of the stockholder.

Mr. BANKHEAD. The gentleman is absolutely correct for aught appearing upon the face of the bill.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WILLIAMS of Michigan and Mr. McKEOWN rose.

The CHAIRMAN. The gentleman from Michigan [Mr. WILLIAMS], a member of the committee, is entitled to prior recognition.

Mr. WILLIAMS of Michigan. I want to state to the gentleman who has just raised this point that the language about which he inquired is absolutely identical with the language contained in the act of November 7, 1918, providing for the consolidation of national banks, and in order that he may check on that let me read:

And in case the value so fixed shall not be satisfactory to the shareholder he may, within five days after being notified of the appraisal, apply to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding.

The committee in passing upon this question assumed that if in this bill, providing for a direct consolidation of State and national banks, we used exactly and identically the same language as Congress had previously adopted in providing for the consolidation of national banks, we would meet every question that would be involved.

Furthermore, it is plain that under this language, appearing in a previous act of Congress and in this bill, the Comptroller of the Currency would either appraise this stock himself, or he could appoint disinterested appraisers, or he could call for nomination of appraisers by the parties in interest.

Mr. DEMPSEY. And the act to which the gentleman refers was passed when we had a Democratic President, a Democratic Congress, and a Democratic Secretary of the Treasury.

Mr. WINGO. Will the gentleman yield so the House may understand his statement? There is some misunderstanding. What the gentleman is reading is the present existing law covering the disposition of the stock of a dissenting shareholder in a national bank where two national banks consolidate.

Mr. WILLIAMS of Michigan. Yes.

Mr. WINGO. And the gentleman proposes by this law to undertake to say that the rights of a dissenting shareholder in a State corporation shall be governed by the same law that governs the shareholder in a national corporation—where is the authority of Congress to do it?

Mr. WILLIAMS of Michigan. I was attempting to meet the point already raised, and in addition to that I want to say to my friend from Arkansas it seems to me that any language that would attempt to measure the equities or the rights as between stockholders in a national bank ought to be perfectly proper when applied to a State bank. Whether that is legal or not is still another question.

Mr. WINGO. I want to ask the gentleman whether he believes, and the gentleman is a good lawyer——

Mr. WILLIAMS of Michigan. And as to that question——

Mr. WINGO. Let me ask the gentleman another question.

The CHAIRMAN. The gentleman from Michigan has the floor.

Mr. WINGO. I recognize that. I just asked him a question.

Mr. WILLIAMS of Michigan. As to the question of its legality, let me call the gentleman's attention that in the section under consideration we set out a plan by which all this can be accomplished. If there is any question about its legality, then the dissenting stockholder in a State bank can fall back first on the language already in the bill, which says no such consolidation shall be in contravention of the law of the State under which such bank or trust company is incorporated, which I say is ample protection for the dissenting stockholder in a State bank; and if that is not sufficient, then we can adopt the amendment of my friend the gentleman from South Carolina, which has already been read and is before the House.

Mr. WINGO. The amendment of the gentleman from South Carolina goes to value and not to liquidation.

Mr. BANKHEAD. Will the gentleman yield?

Mr. WILLIAMS of Michigan. I yield.

Mr. BANKHEAD. The gentleman, in answer to my inquiry for information, cited the fact that the national banking act relating to consolidations had this same provision. What I was seeking to inquire about was the method of the reappraisal. Can the gentleman tell the committee what method is used under the construction and operation of the national banking consolidation act in a case of that sort?

Mr. WILLIAMS of Michigan. Without definite information from the comptroller I could not give that any more than I have already stated.

Mr. BANKHEAD. Then the gentleman is unable to answer my inquiry.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word.

I will say to the gentlemen of the House I have not had an opportunity to hear the discussion upon this bill on account of important matters before a committee involving questions important to Oklahoma.

I want to know whether under this bill the rights of a shareholder in a bank are protected in cases of this kind: An examiner comes along and requires a bank to charge off $100,000 of paper in that bank. The examiner has the authority to do it, and in his judgment he believes it is to the best interest of the bank to charge off that paper, and the examiner says, "You have to take $100,000 of your paper out of your note case now; I will give you until to-morrow to take that out." All right; they take out $100,000 worth of such paper.

It may not be good paper now; it may be paper that ought to come out; probably because it is slow; but eventually it will be collected. This examiner comes along 30 days afterwards and says, "Here is $50,000 more paper that I want you to take out." Eventually they say, "Now your bank can not go along unless the stockholders come in and put up dollar for dollar, under the rule of double liability." The stockholder says, "No; I can's put up this." Then they say, "We will consolidate your bank with another; the Fourth National Bank will take over your bank." What I want to know is, if they take over the $150,000 paper that has been charged off as of no value when it is appraised—and I do not care if you have three appraisements or how many, it would be appraised as of no value—the $150,000 goes into the new institution and the man who was a stockholder and who had some interest in it gets nothing. What protection is there under this bill?

Mr. WILLIAMSON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. WILLIAMSON. It would be just the same between two State banks, all paper charged out goes to the stockholders individually as their asset after it is charged off.

Mr. McKEOWN. The method of consolidation is to take over all of the assets of the failing bank and the fellow that did not put up and walks out, never gets anything. They do not get anything for it as the gentleman knows, and that process has caused a lot of scandal.

Mr. WILLIAMS of Michigan. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. WILLIAMS of Michigan. Doesn't the gentleman know that in 99 cases out of 100 consolidation is done by unanimous consent of all the stockholders?

Mr. McKEOWN. So after this $150,000 has been charged off they come to the stockholders and say they have got to put up dollar for dollar; if you do not you must transfer it immediately; if you will agree to turn it over to some other organization, why, all right.

Mr. WILLIAMS of Michigan. Does not the gentleman think that the stockholders of the defunct bank are mighty glad to give it up and save the stock liability?

Mr. McKEOWN. The gentleman's theory is that they are charging off worthless paper, but here, after consolidation is made, the paper becomes sound assets. The fellow that gave it up gets nothing and I think the United States ought to be fair with them.

Mr. WILLIAMS of Michigan. Does not the gentleman think the rights of the depositors should be paramount to the rights of the stockholders of the defunct bank?

Mr. McKEOWN. The rights of the stockholders are paramount, but when you have assets of the institution which were taken at nothing, I think that there ought to be some protection. I am not criticizing the bill, for I think you need something to relieve the banking situation.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. STENGLE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I do not rise as a banking expert, although I am about to address 57 varieties of such characters. [Laughter.] I have sought from the beginning of the arguments on this bill until this moment to find light by which I might be guided in voting the right way. Everyone I have asked, when they were addressing this body, has brushed me aside on the ground that their speech, canned or otherwise, could not be disturbed, that the time was limited. I frankly confess that my knowledge of banking is limited to the extent sometimes of red lines only. [Laughter.] I want to vote right, and I believe that the committee having this bill in charge ought to give me some light, so that I can vote intelligently.

I asked a question a moment ago of one of my colleagues from New York, after the direct statement by the gentleman from Alabama [Mr. STEAGALL] that the entire Committee on Banking and Currency was unanimous that the whole thing of branch banking was wrong in principle, and not one Member rose in opposition to that charge. I wanted to know, if it was wrong in principle, how is it right in practice?

Mr. CELLER. Will the gentleman yield?

Mr. STENGLE. Yes.

Mr. CELLER. Does the gentleman know that there are 252 pages taken in the hearings? I think the gentleman would be answered if he would look through the hearings instead of asking Members who have only five minutes to explain the facts.

Mr. STENGLE. I thank the gentleman for his information, but I have gone through the hearings and found nothing that will give me the information I want. [Applause.] Now, I have only gotten up here to say before you ask me to vote that the committee, or somebody who is inspired with a higher degree of fairness than the committee, must show me where it is right in practice if it is wrong in principle. I asked a member of the committee out in the hall and he said he did not hear the statement. The statement of the gentleman from Alabama is in the RECORD, and as long as it is so I am bound to vote against the bill, unless you explain why it is right in practice if wrong in principle. If you can do that, you will make me happy, otherwise I will vote against the bill. [Applause.]

Mr. WINGO. Mr. Chairman, I have an amendment to the amendment offered by the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WINGO to the amendment offered by Mr. STEVENSON: In line 1 of the amendment, after the word "the," strike out the word "value," and insert the word "liquidation," so that it will read: *Provided further*, That the liquidation of such shares of stock," etc.

Mr. STEVENSON. Mr. Chairman, that is satisfactory to me and I think it is an improvement.

Mr. WINGO. Mr. Chairman, as I understand, that is acceptable to the committee. If that is true, I ask unanimous consent to withdraw my amendment and let the vote come straight on the amendment of the gentleman from South Carolina, as amended.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina as amended by the amendment of the gentleman from Arkansas.

Mr. WATKINS. Mr. Chairman, I rise in opposition to the amendment. I want to submit an observation in a friendly way, a constructive criticism, so to speak. I do not believe the substitute will suffice. This bill provides that any shareholder dissatisfied with the consolidation might secure an appraisal of the value of his stock. If he is dissatisfied with that he may appeal to the Comptroller of the Currency, and the Comptroller of the Currency, without any voice of the stockholder, may cause an appraisal to be made, which appraisal "shall be final and binding." I do not believe this Congress ought to adopt language of that kind. I do not believe that due process of law is provided, and the thing to do is to provide that not only the consolidation but the transfer and the publication of notice shall be as provided in the State where the bank and property are located as well as incorporated. You have only provided for consolidation. The sale may be void. There is a distinction between the sale and the consolidation; if you are going to enact a law that will give to the stockholder his constitutional rights, you should not only take care of the liquidation and the consolidation but the sale of the property, and this language does not. We are certainly flirting with litigation, and there is no occasion for it. The whole thing might be declared unconstitutional.

Mr. WILLIAMS of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WATKINS. Yes.

Mr. WILLIAMS of Michigan. Does the gentleman think it would be safe to let it rest on a reference to the State statutes? There might not be any State statutes that would apply.

Mr. WATKINS. That is within the realm of probability. I do not believe the Congress, nor do I believe the Members of the Congress friendly to this legislation, want to say that the appraisal made by the Comptroller of the Currency "shall be final and binding" and that the shareholder must take that price and is without recourse to proceed elsewhere.

This bill provides for the consolidation; nothing about the sale of the property. There is a distinction between the sale of the property and the stockholders' rights in the absorption of one entity by another. That may be perfectly binding. I merely want it to be constitutional.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. WILLIAMS of Michigan. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended for one minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WILLIAMSON. I want to say to the gentleman that it is perfectly well recognized that the matter of appeal is not a matter of constitutional right at all. We can fix the final determination anywhere we please, just so there is due process of law.

Mr. WATKINS. Exactly. That is the question that I am raising. Does the gentleman think for a moment as a lawyer that this bill as written, saying that the stockholders' rights are final and binding, is due process of law?

Mr. WILLIAMSON. Yes.

Mr. WATKINS. I do not think so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina as modified by the perfecting amendment offered by the gentleman from Arkansas, which amendment has been accepted by the gentleman from South Carolina.

The question was taken, and the amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. Without objection, the amendment to strike out offered by the gentleman from Arkansas is withdrawn.

There was no objection.

Mr. STEAGALL. Mr. Chairman, I have a perfecting amendment which I desire to offer.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama to offer an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: On page 5, line 11, after the word "have," insert the words "previously established"; strike out the balance of the line and all of lines 12, 13, and 14, so that the proviso as amended will read: "*And provided further*, That, excepting as to branches in foreign countries or dependencies or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches which it may have previously established."

Mr. STEAGALL. Mr. Chairman, this amendment raises the question which is the heart and core of this bill. It presents the controversy growing out of the question of branch banking. The amendment which I have offered strikes out the provision of the bill which recognizes and authorizes the establishment of branches in the corporate limits of cities, with the limitations carried in the bill in that regard. The amendment offered creates only one excepton in denying the right to maintain branches, and that is the operation of branches outside of the United States or in foreign countries. This matter has been argued at some length, and yet there is a great deal to be said before all the ground is covered on this question. I am not going to argue it more than a few minutes for myself inasmuch as I spoke somewhat at length in the general debate. I repeat now that no man on the Banking and Currency Committee defends branch banking in principle. If there is such a member of the committee I give way now and yield my time to him.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McFADDEN. We are dealing with a practical problem. Branch banking is established in the United States. It is permitted state-wide. This bill recognizes branch banking as a service and confines branch banking to the cities in which the parent bank is located.

When the gentleman states that he voices the opinion of the Banking and Currency Committee, as he stated here to-day, he does it without authority. I can not make any stronger denunciation of that statement than I am now making.

Mr. STEAGALL. Well, I have yet to hear any member of the Banking and Currency Committee say that he believes in the principle of branch banking, and if the gentleman says now that he does, I reply that this is the first time he has ever said it in my hearing, though I observe he still fails to say it. I have not yielded to the gentleman for a speech.

Mr. STEVENSON. Will the gentleman yield?

Mr. WILLIAMS of Michigan. The gentleman has made a challenge.

Mr. STEAGALL. I decline to yield until I consume the remainder of my five minutes, and then I shall ask for further time and then I will yield further. I yielded to the gentleman from Pennsylvania for a question and he made a short speech and my time has about run out.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEAGALL. I ask for five additional minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. WILLIAMS of Michigan. Will the gentleman yield?

Mr. STEAGALL. Now, before I yield I want to say this——

The CHAIRMAN. The gentleman declines to yield for the present.

Mr. STEAGALL. That without being technical with reference to my statement, everybody in this House knows that as a general proposition the principle of branch banking is repudiated, is unsound, un-American, and undemocratic by practically all who are regarded as worthy authority. I will content myself with that statement. If we pass this bill, we destroy and remove the only influence in this country upon which we may rely with any hope of success in checking or abolishing the evil of branch banking.

The minute we authorize national banks to engage in the establishment of branches in the States where the State authorizes State banks to have branches, then the national bankers in those States are immediately committed to the principle of branch banking, and we lose the benefit of their opposition to the system of branch banking and the fight is at once lost in all those States, and there are 17 of them, as I remember, that now permit State banks to operate branches.

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. STEAGALL. Not only is that true in reference to States where branch banking is permitted under State laws, but when we say that national banks may engage in branch banking wherever the State law permits it, then the national bankers or a group of national bankers in States where branch banking is not permitted have only to go before the legislature and turn on the pressure, and in a little while your other States that do not now permit branch banking will establish the branch-banking system.

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. STEAGALL. In a moment. My amendment goes to the heart of the bill and provides that the exception shall be stricken out which permits branches within the limits of a city. I now yield to the gentleman from Oklahoma.

Mr. McKEOWN. I desire to ask the gentleman if there is any provision here that a State desiring to repeal the right of the State to have the State banks have a branch bank—is there any provision to stop national banks from going on and establishing branch banks?

Mr. STEAGALL. I will say to the gentleman that Mr. MORTON D. HULL, who spoke a little while ago, expects to offer an amendment to that effect, but I shall oppose that amendment for this reason: If we provide that States may change their laws, and for that reason national banks must abandon their branches, you will have economic confusion all over those States. And another thing: If that is done, we shall have a double system, and again gentlemen will come rushing to Congress for relief. It would bring a new accumulation of evils and confusion. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment. Gentlemen of the committee, I think it is well for the committee to recognize at this point the fact that for 10 or 15 years, more particularly for the past 10 years, or since the Federal reserve act was enacted, we have had branch banking proceeding at a pace that has been alarming. When we consider the fact that up until 1913 there had been only some 465 branches established, and that since 1914, or since the operation of the Federal reserve system, something over 1,600 branch banks have been organized, and they are now being organized at a very rapid rate, and some national banks have the right through the taking over of State banks with branches to continue to operate those branches under the State law, that such a situation presents very unfair competition and a serious condition. The very fundamentals of this bill recognize the fact that there are two distinct kinds of branch banking, and we recognize also that if we do not enact legislation at this time we are allowing state-wide and, perhaps, nation-wide branch banking to go unchecked. The men who have talked against this bill here to-day claim to be against branch banking—they are not consistent in this—because the defeat of this bill will permit branch banking to continue without restriction, which will eventually make a branch-banking system out of the Federal reserve system. This bill is the only brake that it is possible to put on.

Now as to the definition, I want to point out to the Members of the House the fact that this bill distinctly recognizes branch banking as provided for in this bill as a service proposition, and confines it to the cities in which the parent bank is located, not outside or state-wide. The committee, in giving consideration to this bill, voted on the problem of state-wide, country-wide, contiguous territory, and city-limit wide, and they voted very decisively to confine the operation to city limits.

Now the kind of branch banking which the country has been opposed to, and which the gentleman from Alabama [Mr. STEAGALL] has referred to, is that type of branch banking that is practiced in Canada and in England and other countries in the world, but is not the kind of branch banking provided for in this bill.

The gentleman from Alabama is opposed to the general theory of branch banking to which the country is now opposed, and to which I am myself decidedly opposed; that kind of branch banking that would centralize the control in the big banks in the big cities, and permit the organization of nation-wide branch banks. This bill is absolutely opposed to that proposition, and I want the House to keep that definition distinctly in mind. I think we shall hit the greatest blow to the octopus to which the general public is opposed in branch banking by the passage of this bill, and if we do not pass this bill we shall thereby be doing everything we can to continue and to accelerate branch banking in the States and the United States. [Applause.]

Inasmuch as Representative BLACK proposes to insert in the RECORD to-night the revised McLaughlin amendment, I desire to point out to the Members of the House the effect that this proposed amendment will have on section 9 of my bill.

The revised McLaughlin amendment differs from the original McLaughlin amendment in the following important respects:

1. It cuts the heart out of the branch-banking provisions of the McFadden bill by striking out the proposed amendments to section 9 of the Federal reserve act, which are designed to restrict branch banking by State banks within the Federal reserve system. (As now worded it would strike out everything in the McFadden bill from line 3 on page 11 to line 7 on page 19; but this is obviously a mistake, because it would strike out several different sections and the omission would end in the middle of a sentence. It is assumed, therefore, that the real intent is to strike out everything from line 3, page 11, down to line 7, page 12.)

2. Unlike the original McLaughlin bill, it would really deprive the Federal Reserve Board of all power to prescribe conditions of membership for State banks admitted to the Federal reserve system, thus rendering the board powerless to restrict in any way the branch banking activities of State member banks.

The net result would be that national banks could establish branches only to the very limited extent permitted under my bill, whereas State member banks could continue to engage in branch banking within the Federal reserve system to the full extent permitted under State laws. This would be wholly unfair to the national banks and is diametrically opposed to the chief purpose of this bill, which is to put national banks more nearly on an equal footing with State banks.

3. It would not repeal those provisions of the Federal reserve act having to do with the amount of capital stock a State bank must have in order to be admitted to the Federal reserve system and the amount of Federal reserve bank stock which it must purchase upon joining the system.

Except for the last-mentioned change and the fact that it is in better form than the original McLaughlin bill, it is subject to all the objections to the original bill. It is based upon the same three false premises and would deprive the Federal Reserve Board of the power to admit State banks to the Federal reserve system subject to such conditions as are necessary to insure their eliminating dangerous practices and conforming to sound banking principles. This would force the board to exclude from the system many State banks which could be admitted subject to proper conditions of membership.

The trend of the discussion to-day prompts me to place in the RECORD at this time, for the benefit of the Members, a statement which will give them a proper background for a fair, reasonable, and impartial consideration of this subject. It is necessary to consider the nature and the limitations of the dual sovereignty under which this country, a democracy within a republic, exists. Forty-eight States, each one having sovereign power to regulate the domestic affairs of its citizens, are banded together for the mutual welfare of all and the common good of the people, to achieve which the people have given the Federal Government—the Republic—certain sovereign powers. The successful operation and the permanency of our

Republic and the liberty of our citizens depend upon keeping each one of these two sovereignties within its proper sphere of action. It is understood and accepted as a rule of action by those who have our country's welfare at heart that the States have the power to control and regulate the purely domestic affairs of their citizens, and that the power of the Federal Government is limited to matters affecting the welfare of all the people. Thus we find the States creating and regulating corporations to do any kind of business that an individual may do. We find also that the Federal Government creates corporations, but in this instance the object to be attained is the welfare of all the people, something beyond the ability of the individual or groups of individuals to achieve.

The business of banking in itself is purely a domestic affair. It can be carried on by an individual or by groups of individuals to the benefit of a community. There is nothing about it that makes it essentially a national business. Therefore we find the States authorizing the formation of incorporated banks and regulating their business.

The issuing of a circulating medium of exchange, called currency, which passes from hand to hand among all the people is not a domestic affair. It is national, because it affects all the people. Therefore it is a function of Federal sovereignty, and the Government has the right to employ all necessary means to attain that end, one of which and the only economically sound one is through the creation of a Federal banking system. On four occasions the Federal Government, exercising its sovereign power to create corporations, has created banking systems; but the principal object sought was not to provide a means whereby the purely local or domestic business of banking could be carried on. The main purpose was to provide fiscal agencies of the Federal Government and provide for the issue, under a single standard of security, of circulating notes, or money, for use of all the people. The business of banking was a secondary consideration. Having created these fiscal agencies, it is entirely within the rightful limits of Federal sovereignty to regulate and control the conduct of their business, so far as it is necessary to achieve the end in view, without interference from any other sovereign powers within or without the country. If, however, the Federal Government in creating these fiscal agencies had attempted to interfere with the right of the States to create and control banking corporations, that would have been an unwarranted and unwise use of Federal sovereignty. If the States had acquiesced in such a proceeding, that would have been an unwise surrender of State sovereignty, dangerous to the rights, independence of action, and the liberty of our people. If the Federal Government should permit the States to dictate the kind of fiscal agency the Federal Government created and permit the States to regulate the conduct of its business, that would be an unwise and unwarranted surrender of Federal sovereignty.

Under our dual form of government we have two entirely separate and distinct banking systems, the members of which can and do switch from one to the other without hindrance. As the fiscal system, known as the Federal reserve system, is based by necessity upon the foundation of banks under the control of Federal sovereignty, conversions of national banks into State banks are a menace to the stability and permanance of the Federal reserve system, and if they are not checked in the course of time the foundation of the Federal reserve system will be the voluntary membership of State banks. If and when that time arrives, the Federal Government, if it desires to maintain the Federal reserve system, will find its sovereign power over its fiscal agents subjected to the sovereign powers of 48 States, because with voluntary membership as the only foundation the State banks can set the terms on which they will become members. If they can set these terms, they can also dictate policies, and we will see then an abject surrender of Federal sovereignty, which is just as bad as unwarranted usurpation of sovereignty. Federal sovereignty, wherever and whenever exercised, must be positive and efficient, and its agents must be clothed with power to speak and act accordingly. Thus the Federal Reserve Board does not have to ask national banks whether or not they like a policy that is to be established. Such banks have to accept it or leave the national system. Many national banks have converted into State banks in recent years, not because they did not assent to the policies established by the Federal Reserve Board but because their State bank competitors, enjoying all the privileges of the Federal reserve system, possess greater latitude in the conduct of their business than national banks enjoy. Federal sovereignty can not restrict the field of operations of State banks, but it can set the terms on which such banks may be permitted to reap the benefits of the Federal reserve system. It could force such banks to join the system, but that would be an arbitrary and totally unwarranted assumption of Federal sovereignty. Having complete control of its creatures, the national banks, it can enlarge or restrict at will the powers of such banks for any purpose. Therefore when we are faced with the prospect of a harmful weakening of the national system through the competition of State banks the logical and reasonable remedy is by the exercise of Federal sovereignty in the only way it should be used, i. e., by granting its creatures, the national banks, power to compete favorably with State banks. But having done that it would be a surrender of Federal sovereignty to permit State banks to reap the benefits of the Federal reserve system on terms more favorable than those granted national banks.

Sections 8 and 9 of the McFadden bill establish a fair, reasonable, and just basis for competitive equality between national banks and those State banks that are members of the Federal reserve system without surrendering any vital principle of Federal sovereignty or encroaching upon the sovereignty of the States, thus preserving the proper balance between the authority of the Federal Government and the authority of the States.

The question of branch banking is left to the States to decide on the theory that the citizens of each State have the power to control their purely domestic affairs, as the number of offices or branches a bank may desire is purely a question of local or domestic interest. If the people of a State favor branch banking and give that privilege to their domestic corporations, then national banks in those States shall have the same privilege within certain limitations. If State bank members in certain States now have greater privileges with respect to branches than the national banks have they must place themselves upon the same basis as national banks in those States. To permit State banks to force concessions by the threat of leaving the system would make Federal sovereignty ridiculous just as much as it would if the Federal Government permitted such banks to write the regulations governing their entrance into the system.

The Federal reserve system is a great piece of constructive financial legislation that has proved its worth. It is not perfect, but the principles on which it is founded are sound and they should be preserved and allowed to function under the control of Federal sovereignty for the benefit of all the people.

Mr. STEVENSON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from South Carolina moves to strike out the last word.

Mr. STEVENSON. Mr. Chairman, the distinguished gentleman from Alabama [Mr. STEAGALL] continues to assert that all of us are opposed to branch banking, and as defined by the gentleman from Pennsylvania [Mr. MCFADDEN] we are, and we are just as much opposed to it as he is. The difference between him and us is this, that he proposes to do nothing practical about it, while we propose to curb it and restrain it within certain well-defined limits, and stop the abuses that have occurred. [Applause.] That is different.

Now the gentleman from Alabama says we are encouraging it and legalizing it. Let us see wherein it has been legalized, and see whether the gentleman from Alabama has offered anything or made an effort to destroy that legalization. It has been good since 1865. Section 5155 says:

> It shall be lawful for any bank or banking association organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions to become a national banking association in conformity with existing laws and to retain and keep in operation its branches.

Now, do we allow them to continue that? No; because that would give them the right to spread all over the State, everywhere in the State, and become an octopus and lay its hand on every industry in the State, and drive out every little insignificant bank or a small, struggling bank that is attempted to be built up in a struggling community. We say, "You have to stop that." Is that opposed to the Federal system? If it is, I am unable to understand the English language or a legal definition.

Another thing: When member banks in States where they have branch banking are brought into the system they bring in their branches—and they are bringing them into the system every day—we say to him, "You have got to stop that. You can not bring in branch banking outside of your municipality into the institution. You have got no right here if you propose to do that." The gentleman from Alabama says, "Let them alone." He says we are encouraging them, but he is doing nothing.

There is another proposition that he seeks to drive at us about that. We have the proposition where the comptroller establishes branches all over this country. We say, "You have to stop that." The gentleman from Alabama does not even introduce a bill to stop that. I think it is about time for the gentleman, when he twits us day in and day out, to show that he has got something better to offer in this emergency; that he must either dig bait or quit or go fishing, one or the other. [Applause and cries of "Vote!"]

Mr. WINGO. Mr. Chairman, I did not have anything to say in the general debate. I have made four speeches, that have served no purpose, in the last six years against branch banking. Some of the Members have twitted me because I have not said anything, which is unusual. [Laughter.] But I can not let the occasion pass, considering the remarks of my good friend from South Carolina, who has just spoken, without telling him that he has got himself in a pretty bad hole by that speech.

Mr. STEVENSON. I know the road out all right. [Laughter.]

Mr. WINGO. Very well. I understand he says he favors this proposition because it is the only one that offers a remedy for the branch-banking abuses.

Mr. STEVENSON. I say this is in accordance with the provision which I introduced last December, after your commission went all over the country and took testimony, and I propose to stand by the gun which I then loaded. [Applause.]

Mr. WINGO. The gentleman has just fired a scattering load. [Laughter.] I submit he did not answer my question. He twitted my friend from Alabama [Mr. STEAGALL] by saying that the gentleman from Alabama was opposed to the only proposition that was offered and did not offer anything else. My friend did not read the amendment of the gentleman from Alabama. The amendment of the gentleman from Alabama proposes affirmatively to do what? Cut off the branch-bank evil by one method, which is the consolidation method. The gentleman from South Carolina has made a very able speech, and he has enumerated the different methods by which you have branch banking. This is the consolidation method. The gentleman from Alabama offers a downright stoppage of branch banking by that method.

I will say to my friend that I am not violating any confidence of the gentleman from Alabama or the gentleman from Texas [Mr. BLACK] when I say that he and every other Member of this House will be given the opportunity of choosing between these methods and to decide whether or not this evil shall be an outcast or will be embraced within certain limits, because the gentleman from Texas and the gentleman from Alabama will offer an amendment to each of the three sections that will allow the membership of this House to say whether or not they sincerely believe in stopping this evil or embracing it within city limits.

Mr. McKEOWN. Will the gentleman yield?

Mr. WINGO. Not right now, because I am in a poetical frame of mind, and the gentleman is too practical. I am sorry that the gentleman from Alabama and the gentleman from South Carolina got into terms of virtue and lewdness with reference to this evil, but they remind me of Pope's beautiful lines, which fit this case exactly:

> Vice is a monster of so frightful mien,
> As to be hated needs but to be seen;
> Yet seen too oft, familiar with her face,
> We first endure, then pity, then embrace.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. WINGO. Let me use a familiar illustration. It is the same old story, gentlemen. I remember when we tried to clean up our town and put the gambling houses out of business. Everybody said, "Yes; it is a vicious thing to have these gambling hells." One group said, "Let us enforce the law and stop them," while the other crowd said, "No; let us put them on the back streets, so that the old hypocrites and everybody else that wants to can go around there to gamble when they want to without offending anyone, or anyone knowing it." You are going to protect the farm banks against this evil. You say, "You can not have one of these vicious things—a branch bank—in a town of 25,000 or less, but the poor miserable people in the city"—God help them—"may have these things, and we will let this evil feed on them."

Why, gentlemen, that is one reason why I have not been able to follow the philosophy of the gentlemen who are proposing this bill. I recognize the condition which exists, and I appreciate it is a serious one. But, gentlemen, I have said to the committee, and I say to you now, that if Congress wants to stop branch banking it has got the power to do it. You adopt the amendment offered by the gentleman from Alabama upon the question of consolidation; then you adopt another amendment, which he will offer when you get to the section, that authorizes them to organize a State bank with branches and bring it in the national system; that stops that, and you will go a long way toward stopping this evil. Then, write into the bill, if you dare to do it—and that is the only question—that every national bank that has a branch—which it now has by any method—shall within a reasonable time, so as not to disturb its business—say two years, three years, or five years—liquidate the business of those branch banks, and that after 1930 no national bank shall maintain a branch at all; then you will stop the evil of branch banking. [Applause.] Then, what else? Then, provide that after 1930 no State bank shall enjoy the privileges of the Federal reserve system unless it gets rid of and liquidates its branch banking business. That is the simple, direct, and courageous way. Will you do it? No; you will not do it, because the branch bankers control two-thirds of the banking capital of this Nation and they dominate the political situation, so that it is either this bill or nothing.

They have 20 propositions in this bill; 12 of them are sugar coating of two things. One is branch banking and the other is perpetual charters. You will pass your bill, but I have said to the proponents I do not propose to embrace the evil. You can pass it, but I will not stultify myself by voting to approve and authorize anywhere, in city, town, or country, a thing that every thoughtful man knows is vicious and threatens to destroy the great independent unit banking system of this Nation. [Applause.]

Mr. LUCE. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. LUCE. Does the gentleman's view about the interference with State affairs by the Nation lead him to see any difficulty in our attempting by national law to control State banking?

Mr. WINGO. How did I propose to do it?

Mr. LUCE. The gentleman proposed that the State banks should be cut off from the Federal reserve system.

Mr. WINGO. I proposed to deny to a State institution not a right but a privilege—a Federal privilege—of permitting them to come in and get the benefit of a Federal institution. That does not interfere with the rights of the State. No State bank has any inherent right to belong to an institution chartered by Congress for the benefit of Federal corporations. When we let them in, it is a mere gratuity, extending a privilege to them for their benefit, and we have the right to say to them, as we have already said in the Federal reserve act, "You can not come in and get the benefit of this Federal system unless you conform to the standards of the Federal system." Let us preserve the standards of the Federal system as an independent banking system, free from branches, and say to the State banks, "Whenever you clean up house and do away with this evil and are willing to come in on the same footing as a national bank, free of branches, we will be glad to let you have the privileges of the great Federal reserve system."

Mr. LUCE. Does not the gentleman recognize there are perhaps 20,000 State banking institutions to-day which are wholly indifferent to the benefits of the Federal reserve system and to whom no hardship would follow if such legislation as the gentleman proposes were enacted?

Mr. WINGO. I decline to follow the gentleman down the road of expediency. I am speaking of principles.

Mr. LUCE. I am asking about the facts.

Mr. WINGO. Let us keep the Federal principles clean and sound. Let us not bow to the cry of expediency and say the standards of a Federal creature, a Federal corporation, shall be fixed by the whim and fancy of a State legislature.

The CHAIRMAN. The time of the gentleman from Ankansas has expired.

Mr. LUCE. I ask unanimous consent, Mr. Chairman, that the gentleman may have two additional minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the time of the gentleman from Arkansas be extended two minutes. Is there objection?

There was no objection.

Mr. LUCE. Will not my good friend give me a straight answer to this question? Does not the gentleman know there are 20,000 banks in this country that are to-day indifferent to the Federal reserve system and to whom such legislation as the gentleman suggests would be of no consequence whatever?

Mr. WINGO. No; I do not; and, on the contrary, if the joint commission had followed out my wishes and had continued its investigation I would have shown the gentleman that the friction that exists, which makes national banks now in the Federal reserve system restless and the thing which makes the State banks stay out, is not this question alone. This is not the one. If the gentleman will go and get the notes—I have not got them and have not seen them since the last Congress, and they have never been printed, and I am not responsible for that—the gentleman will see that more than one State banker said to us: "One reason why I am not going into the Federal reserve system is because I realize that the branch bankers have control of the Federal reserve system, and I do not propose to go in and strengthen the institution that threatens to destroy my existence."

Mr. LUCE. But still the gentleman has not answered my question.

Mr. WINGO. I answered the gentleman's question straight. The gentleman's question was, Do you not know there are 20,000 State banks that are indifferent, and I said no; I do not know any such thing, but on the contrary I know differently.

Mr. LUCE. The gentleman did not follow my complete question.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. GARRETT of Tennessee. Suppose that is true, what effect does that have upon the philosophy expressed in the gentleman's argument?

Mr. WINGO. I will tell the gentleman why. My friend from Massachusetts, and I am very fond of him, like my friend, the gentleman from Pennsylvania [Mr. McFADDEN], cold-blooded, practical gentlemen—and I do not say that in a derogatory way—propose to be governed solely by expediency. They march down the road of expediency. I take the position that principle alone should determine the character of our legislation; that if it is wrong for a national bank to do something, it is wrong even though a State authorizes a State bank to do it. I realize you will pass your bill, but I could not sit silent when I learned my silence was interpreted as either cowardice or indifference. Pass your bill, but I can not vote with you without stultifying myself and overriding my convictions. [Applause.]

Mr. WILLIAMS of Michigan. Mr. Chairman, I would not interpose myself into this good-natured controversy between the gentleman from Alabama [Mr. STEAGALL] and the gentleman from South Carolina [Mr. STEVENSON], if it were not for the fact that the amendment offered by the gentleman from Alabama strikes at the very roots of the theory of this bill.

The gentleman, under his amendment, would prevent the State institution when consolidating with a national bank to bring into the consolidated institution any of the branches of the State bank. It does not make any difference where they are, whether they are located inside of the city or outside of the city.

The gentleman from Alabama has raised this issue here and has said to you gentlemen that there is no one on this committee who stands up in any way for the branch-banking idea.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. WILLIAMS of Michigan. Not for the moment. I will yield to the gentleman later.

I want to say, in the first place, I stand for the principle of branch banking within cities. I do not admit for a moment that there is any argument against the matter of branch banking within cities. We have large cities to-day where traffic conditions and the size of the cities make it absolutely essential, if the great banking institutions there are going to meet the needs of the people, to bring their banking facilities nearer to them.

What argument can there be against that? Is that absentee ownership? Not at all, because within 20 minutes, or half an hour at the most, anyone who applies at any one of these branch banks in any city can go to the main office and can take up there occasionally, as they no doubt do, their banking matters; and the argument that applies as against the Canadian system or as against the state-wide system does not apply at all in the case of the branch within a city.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. WILLIAMS of Michigan. I yield.

Mr. CONNALLY of Texas. The gentleman says that if we consolidate a State bank with a national bank, what difference does it make? Suppose a State bank has five branches; if you can consolidate two, you can consolidate six and put them all in one national bank at one place.

Mr. WILLIAMS of Michigan. Not under this amendment.

Mr. CONNALLY of Texas. I am talking about the law. The gentleman is on the Committee on Banking and Currency. Why does not the committee let them consolidate, but let them consolidate with one place of business; can not that be done?

Mr. WILLIAMS of Michigan. Let me answer the gentleman. That is not practical, for the reason that the one institution thus maintained would not cater to or meet the needs of the people of that community.

Mr. CONNALLY of Texas. That is the point, exactly.

Mr. WILLIAMS of Michigan. Furthermore, if this provision goes through as offered here by the gentleman from Alabama, there will be no consolidations of State institutions with national institutions. The shoe will be entirely upon the other foot, and such consolidations as take place will be of a national bank going over to a State bank.

Mr. BLACK of New York. Will the gentleman yield?

Mr. WILLIAMS of Michigan. Yes.

Mr. BLACK of New York. The gentleman knows that the Federal Reserve Board has provided against consolidation by regulations.

Mr. WILLIAMS of Michigan. I am acquainted with that fact.

Mr. BLACK of New York. Then why do you need the law if you have the regulations?

Mr. WILLIAMS of Michigan. This law has to do with an entirely different matter. If you are going to vote for this proposition, you might just as well decide to kill the theory upon which this whole bill is based—that is, to permit branch banking in the cities of the country where similar service is given by State institutions within the State limits.

So far as state-wide banking is concerned, that is not involved in this discussion, because the proposal, as far as the bill itself is concerned, provides only branches can be brought in located in the city of the parent institution. So far as I am personally concerned, dealing with the question of state-wide banking, I believe in the principle of allowing each State in the country to decide that question for itself. They say we should take a position with reference to national banks that will set an example and prevent branch banking in this country, but there has not been offered a single practical suggestion that would accomplish that thing. We know that branch banking has developed and is going on and meeting the needs of certain portions of our country, and there is nothing we can do to curtail it.

Mr. BLACK of Texas. Mr. Chairman, I rise to favor the Steagall amendment.

Mr. McFADDEN. Will the gentleman allow me to see if I can get some agreement as to debate on this amendment? Mr. Chairman, I ask unanimous consent that debate on this amendment close 15 minutes after the gentleman from Texas [Mr. BLACK] has occupied his 5 minutes.

Mr. STEAGALL. Reserving the right to object, there are two or three other gentlemen that want to speak on this amendment.

Mr. GARRETT of Tennessee. I do not think anything will be gained by that; this is the fundamental question involved in the bill.

Mr. McFADDEN. Mr. Chairman, I will withdraw my request.

Mr. BLACK of Texas. Mr. Chairman, the gentleman from Tennessee [Mr. GARRETT] has correctly stated the proposition when he says that the Steagall amendment goes to the very fundamentals of the proposition. Our distinguished friend, the gentleman from South Carolina [Mr. STEVENSON], in his speech said that the committee bill proposes to do something about restricting branch banking, and that the gentleman from Alabama [Mr. STEAGALL] had not proposed to do anything. Let us see what the situation is. This section we are now discussing, if adopted, will permit the consolidation of a State bank with a national bank, and under section 5155 of the Revised Statutes of the United States as it now exists any State bank consolidated with a national bank under the section now proposed can come into the system with all of its branches.

Mr. STEVENSON. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. STEVENSON. The gentleman misstates the law; any State bank with a branch can nationalize and bring all its branches into the national system, but it can not consolidate and bring them in.

Mr. BLACK of Texas. The gentleman did not get exactly what I said. He does not intentionally misquote me, but what I said was that if this section of the bill is adopted a State bank may consolidate with a national bank, and bring in its branches.

Mr. STEVENSON. I beg the gentleman's pardon; I misunderstood him.

Mr. BLACK of Texas. I knew the gentleman did. If section 5155 were to remain unamended then hereafter if a State bank should consolidate with a national bank, then in such consolidation the State bank might bring in all its branches, even though they may be in any part of the State. But I will admit that the section as written does, in effect, propose to amend section 5155 and permit a State bank to only bring in those branches situated within the muncipality where the parent bank is located.

Now, the Steagall amendment if adopted will go still further and provide that in this process of consolidation the State bank will only be permitted to bring in such branches as may be located in foreign countries or dependencies or insular possessions of the United States. I do not know of any objection to that. If a State bank should have a branch in a foreign country or in any of our dependencies or insular possessions, I do not know of any objection to bringing it in. The Steagall amendment, however, would not permit a State bank to bring in any branches located in either the city of its domicile or in the State of its domicile. So it brings us right down to the proposition, are we going to use our restrictive powers as a legislative body to really restrict branch banking, or are we going to use them to enlarge the evil? The question is are we going to have independent banks, or are we going to ultimately have the Canadian system where they only have 12 banks in the whole Dominion of Canada with several thousand branches?

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. McKEOWN. Is there any way that would prevent the system that prevails in Canada whereby a depositor may not change his deposit from one bank to another bank without securing the consent of the bank where his deposit is, no matter what arises between him and the bank?

Mr. BLACK of Texas. There is nothing in the bill that would relate to that situation. Because the Steagall amendment goes right to the heart of this subject, I shall support it.

Mr. BLANTON. Mr. Chairman, I offer a substitute for the Steagall amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON, Page 5, line 8, after the word "that" strike out all of the balance of line 8 and all of line 9.

Mr. BLANTON. Mr. Chairman, the committee selected the distinguished gentleman from Massachusetts [Mr. LUCE] to close this debate in behalf of the bill. I watched his argument carefully, presuming that it would sum up and say the last word in favor of branch banking, which is embodied in the bill. The gentleman made two points. He said, first, that in this bill he found half a loaf, and then he said that in some city he had in mind a river divided it north and south, and there might be a State bank on each side of the river and a national bank on only one side, and he wanted the national bank to have an equal show, and that therefore he was going to vote for the bill.

They were the only two points he made. Therefore, I take it from his argument that the half a loaf that he saw in the bill was to benefit the national banks. I have in mind cities also where rivers might divide them north and south, and I have in mind cities where trunk lines of railroads might divide them east and west. In such cities there could be a little State bank on the south side of the river and a strong national bank on the north side of the river, and under this bill where the State bank could not afford to establish a branch bank on the north side of the river, yet the big, strong national bank on the north side could plant a branch bank right by the side of the little State bank on the south side of the river and put it out of business. What is he going to say to that kind of a procedure under the provisions of this bill?

In most of the States the State banks are not so strong as the national banks in finances or otherwise. They are not able to establish branches in the same city, whereas the national banks might be able to do so, so his argument, I take it, was against the bill rather than in favor of it, if we are to protect the interest of State banks. That is bothering me. I hope he will take the floor again under the five-minute rule and convince us, if he can, that while this bill would be beneficial to the national banks it would be of equal benefit to the State banks.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HUDSPETH. I take it from the gentleman's argument that he is in favor of abolishing branch banking or curtailing it.

Mr. BLANTON. I am a little in doubt yet. I do not know what ought to be done. The gentleman from South Carolina [Mr. STEVENSON] preaches one doctrine and the gentleman from Alabama [Mr. STEAGALL] preaches another doctrine. They are both distinguished members of the committee from our side of the aisle. I do not know yet which one to follow.

Mr. HUDSPETH. Let me see what my colleague is preaching. Under the Steagall amendment if it is adopted and the State banks do not desire to consolidate with the national banks, that would not curtail a single State bank, and if the gentleman is correct in the statement that 20,000 do not want to go into the Federal system, then under the bill as it is written, it does limit the branch banks to the city of the parent bank.

Mr. BLANTON. Yes. In our State we do not have any branch banks, as my colleague knows.

Mr. HUDSPETH. But I am speaking of States that do have branch banks.

Mr. BLANTON. The bill will not affect us unless the national banks should be strong enough when our legislature meets next week to go to Austin and force the Texas Legislature to establish branch banks. Then they would come in our State, and that was the suggestion made on the floor a moment ago, and that is the proposition that is putting me in doubt as to the wisdom of the bill at this time.

Mr. JOHNSON of Texas. Does not my colleague recognize the fact that the constitution of Texas forbids branch banks in the same provision of the constitution which establishes banks?

Mr. BLANTON. But if the legislators of Texas pay no more attention to the constitution of our State than Members of Congress do here to the Federal Constitution we would be in a terrible fix.

Mr. HUDSPETH. Particularly in view of the fact that they have passed a law limiting the right of the landlord to charge the tenant more than one-third of the corn or one-fourth of the cotton, does he think they have a great deal of regard for the constitution of the State of Texas?

Mr. BLANTON. When they did pass that they did not pay much attention to the constitution, as will be the case with Members here if they pass a certain rent law that the President is said to be in favor of and has sent to a committee for consideration.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my amendment, as it was merely pro forma.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

Mr. HOWARD of Nebraska. Mr. Chairman and gentlemen. [Applause.] I have been sorely mistreated in recent days. I am recently from the sea where for 20 hours I was in doubt as to whether I should again have the joyful privilege of meeting you all. [Laughter.] But my state of mind there, was not as badly fuddled as it is here. I never had very much experience in Congress, and I have been bewildered beyond words to-day to see the gentleman bring before this body a bill the principle of which is denied by every member of the committee except one courageous fellow.

I call him the most courageous man in the Congress. He is the only one——

SEVERAL MEMBERS. Who is he?

Mr. HOWARD of Nebraska. Who has dared to say he believes in the principles of this bill.

Mr. HUDSPETH. Who is he?

Mr. HOWARD of Nebraska. He was a handsome fellow back there. [Laughter.] But oh, my friends, do not you think now after we have had such intense argument here, do not you think we ought to stop for a few moments and be soft and gentle, hoping there will come to us the consideration of a principle? You Democrats over there who are talking in favor of this promised infamy, what do you believe Andrew Jackson would say to you if he should be looking down to-day, and I believe he is.

Mr. DEMPSEY. Tennessee has a law in favor of branch banking, and Andrew Jackson came from Tennessee.

Mr. HOWARD of Nebraska. And Andy has been dead a long while. [Laughter.]

Mr. STEVENSON. Will the gentleman yield?

Mr. HOWARD of Nebraska. I will.

Mr. STEVENSON. The gentleman pointed to me and asked what I would do if Andrew Jackson was looking down here. I will say I would tell him I would adjourn and the House may do what it pleases.

Mr. HOWARD of Nebraska. Well, I am having a good deal of difficulty in keeping track of my friends, and particularly the conduct of my South Carolina friends in recent days in the Congress. [Laughter.] Oh, if this bill does give the Comptroller of the Treasury, as it says it does, the power positively to render final judgment with reference to what shall become of a man's property in a State without reference to the State laws, then, for the information of my friend from South Carolina, I will say that perhaps if Andrew should be looking down and he should see the language in that bill, and the gentleman from South Carolina should say to him that the bill does give to the comptroller that final power to divest a citizen of a property, without due process of law, then Andy would say (if it be parliamentary), "I think the bill gives to the comptroller too damn much power" [laughter], and for that reason, desiring to be in harmony with the best tenets of my party as far as I may I shall be wholly unable to support the bill unless I shall be able to eliminate from it that particular feature. I am asking for information. I have asked many gentlemen on this floor to enlighten me personally regarding the bill, and they do not give me much light. I wish they would. I am in earnest about it. I believe there are many others here who would like to have light on this bill, but it is brought in here under a special rule. Who asked for the special rule? Millions of American farmers pleaded with us and through us to the magnificant chairman of the Committee of Rules for special rules in reference to agricultural relief. He was deaf to our pleadings, although I know he loves us——

Mr. SNELL. Does the gentleman remember any request of the Agricultural Committee that has ever been denied by the Committee on Rules?

Mr. HOWARD of Nebraska. Not of the Agricultural Committee. I am speaking——

Mr. SNELL. That is where the agricultural legislation comes from, does it not?

Mr. HOWARD of Nebraska. Well, as a rule it does when it comes [laughter], but unfortunately the committee system choked it to death.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

Mr. McFADDEN. Mr. Chairman, I am going to suggest that the hour is late, and I shall move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, having under consideration the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes, reported that that committee had come to no resolution thereon.

ORDER OF BUSINESS

Mr. MORTON D. HULL. Mr. Speaker, I would like to know when this bill will be further considered?

Mr. WINGO. Mr. Speaker, the Members of the House can rely upon the program that this bill will not be considered on Monday?

The SPEAKER. The Chair so understands. The Chair understands that there is no disposition to set aside the business in order on Monday.

Mr. WINGO. Some of the Members of the House who are here to-day desired to attend to certain business on Monday which they had to do on Saturday. I told them this bill would not probably be taken up until Tuesday.

Mr. SNELL. I understand this bill will be taken up on Tuesday.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. MADDEN, from the Committee on Appropriations, reported the bill (H. R. 11505) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1926, and for other purposes, which, with the accompanying report (Rept. No. 1131), was ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. SANDLIN. Mr. Speaker, I reserve all points of order on the bill.

The SPEAKER. The gentleman from Louisiana reserves all points of order on the bill.

CREATION OF TWO JUDICIAL DISTRICTS IN INDIANA—CONFERENCE REPORT

Mr. HICKEY. Mr. Speaker, I call up the conference report on the bill (H. R. 62) to create two judicial districts within the State of Indiana, the establishment of judicial divisions therein, and for other purposes, and ask for its immediate consideration. I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana, that the statement accompanying the conference report be read in lieu of the report?

Mr. BANKHEAD. Mr. Speaker, may I inquire what the conference report is on?

Mr. HICKEY. It is on the court bill for Indiana. It has been agreed upon by all the members of the committee.

Mr. GARRETT of Tennessee. Which is the shorter, the statement or the report?

Mr. HICKEY. The report.

The SPEAKER. The Clerk will read the statement.

The conference report and statement are as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 62) to create two judicial districts in the State of Indiana, the establishment of judicial divisions therein, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendments insert the following:

"That the State of Indiana shall constitute one judicial district to be known as the district of Indiana. For the purpose of holding terms of court the district shall be divided into seven divisions constituted as follows: The Indianapolis division, which shall include the territory embraced within the counties of Bartholomew, Boone, Brown, Clinton, Decatur, Delaware, Fayette, Fountain, Franklin, Hamilton, Hancock, Hendricks, Henry, Howard, Johnson, Madison, Marion, Monroe, Montgomery, Morgan, Randolph, Rush, Shelby, Tipton, Union, and Wayne; the Fort Wayne division, which shall include the territory embraced within the counties of Adams, Allen, Blackford, De Kalb, Grant, Huntington, Jay, Lagrange, Noble, Steuben, Wells, and Whitley; the South Bend division, which shall include the territory embraced within the counties of Cass, Elkhart, Fulton, Kosciusko, La Porte, Marshall, Miami, Pulaski, St. Joseph, Starke, and Wabash; the Hammon division, which shall include the territory embraced within the counties of Benton, Carroll, Jasper, Lake, Newton, Porter, Tippecanoe, Warren, and White; the Terre Haute division, which shall include the territory embraced within the counties of Clay, Greene, Knox, Owen, Parke, Putnam, Sullivan, Vermilion, and Vigo; the Evansville division, which shall include the territory embraced within the counties of Daviess, Dubois, Gibson, Martin, Perry, Pike, Posey, Spencer, Vanderburg, and Warrick; the New Albany division, which shall include the territory embraced within the counties of Clark, Crawford, Dearborn, Floyd, Harrison, Jackson, Jefferson, Jennings, Lawrence, Ohio, Orange, Ripley, Scott, Switzerland, and Washington.

"SEC. 2. That except as hereinafter in this section provided terms of the district court for the Indianapolis division shall be held at Indianapolis on the first Mondays of May and November of each year; for the Fort Wayne division, at Fort Wayne on the first Mondays of June and December of each year; for the South Bend division, at South Bend on the second Mondays of June and December of each year; for the Hammond division, at Hammond on the first Mondays of January and July of each year; for the Terre Haute division, at Terre Haute on the first Mondays of April and October of each year; for the Evansville division, at Evansville on the second Mondays of April and October of each year; for the New Albany division, at New Albany on the third Mondays of April and October of each year. When the time fixed as above for the sitting of the court shall fall on a Sunday or a legal holiday, the term shall begin upon the next following day not a Sunday or a legal holiday. Terms of the district court shall not be limited to any particular number of days, nor shall it be necessary for any term to adjourn by reason of the intervention of a term of court elsewhere; but the term about to commence in another division may be postponed or adjourned over until the business of the court in session is concluded.

"SEC. 3. That the President of the United States be, and is hereby, authorized and directed by and with the advice and consent of the Senate to appoint an additional district judge for the district of Indiana, who shall reside in said district, and whose term of office, compensation, duties, and powers shall be the same as now provided by law for the judge of said district.

"SEC. 4. That the clerk of the court for the district shall maintain an office in charge of himself or a deputy at Indianapolis, Fort Wayne, South Bend, Hammond, Terre Haute, Evansville, and New Albany. Such offices shall be kept open at all times for the transaction of the business of the court. Each deputy clerk shall keep in his office full records of all actions and proceedings of the district court held at the place in which the office is located.

"SEC. 5. A judge of the District Court for the District of Indiana may, in his discretion, cause jurors to be summoned for a petit jury in criminal cases, from the division in which the cause is to be tried or from an adjoining divison, and cause jurors for a grand jury to be summoned from such parts of the district as he shall from time to time direct. A grand jury summoned to attend a term of such court may investigate, and find an indictment or make a presentment for, any crime or offense committed in the district, whether or not the crime or offense was committed in the division in which the jury is in session.

"SEC. 6. That either party in a civil or criminal proceeding in said district may apply to the court in term or to a judge thereof in vacation for a change of venue from the division where a suit or proceeding has been instituted to an adjoining division and the court in its discretion, or the judge in his discretion, may grant such a change."

Amend the title so as to read: "An act to authorize the appointment of an additional district judge in and for the district of Indiana and to establish judicial divisions therein, and for other purposes."

And the Senate agree to the same.

GEO. S. GRAHAM,
ANDREW J. HICKEY,
HATTON W. SUMNERS,
Managers on the part of the House.
SAMUEL M. SHORTRIDGE,
R. P. ERNST,
LEE S. OVERMAN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 62) to create two judicial districts within the State of Nevada, the establishment of judicial divisions therein, and for other purposes, submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

The conferees have written a new bill embodying the substance of the original House bill and of the Senate amendment.

The bill as submitted by the conferees retains the provision of the Senate bill creating but one district instead of two and providing in the discretion of the court for the selection of petit and grand jurors from any part of the district, and also authorizing a grand jury summoned to attend a term of court in one division to find an indictment or make a presentment for a crime or offense committed in any part of the district.

Sections with respect to the appointment of deputy clerks and assistants, marshals, and assistant district attorneys and the fees of these officers, as provided in the House bill, have been omitted as the same are fixed by statute under the general law.

Sections 5, 6, and 7 of the Senate amendment with respect to the transfer and removal of causes, both civil and criminal, have been omitted since they are now provided for by general law. (See secs. 53, 58, and 59 of the Judicial Code.)

Section 12 of the House bill and section 8 of the Senate amendment (identical sections) were omitted.

Section 9 of the Senate amendment has been amended to provide for a change of venue in vacation.

The title has been amended to conform to the text as agreed upon by the Senate amendment and in conference.

GEORGE S. GRAHAM,
ANDREW J. HICKEY,
HATTON W. SUMNERS,
Managers on the part of the House.

Mr. HICKEY. Mr. Speaker, I move the adoption of the conference report.

The SPEAKER. The gentleman from Indiana moves the adoption of the conference report. The question is on agreeing to that motion.

The motion was agreed to.

DISTRICT SURPLUS FUND

Mr. BLANTON. Mr. Speaker, on Monday the Committee on the District of Columbia will probably take up what is known as the surplus bill, involving an alleged claim of $4,438,154.92 which the District of Columbia claims is due it by the Federal Government. In order that the membership may get my views on that matter in to-day's RECORD at this juncture, I ask leave to present my views on that question to be printed in the RECORD.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. LAGUARDIA. It is only on the claims? It does not go into any other features of the District of Columbia such as the rent bill?

Mr. BLANTON. No, it has no bearing on the rent bill. I am against the contention of the District, as to this $4,438,-154.92, and I want to present my view in the RECORD and in the main body of it so that the Members will see it Monday morning.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, the chairman of the Committee on the District of Columbia has agreed with the gentleman from Maryland [Mr. ZIHLMAN] on a program for next Monday, which contemplates the passage by them of the so-called surplus bill, which proposes to take $4,438,154.92 of the people's money out of the Public Treasury, and give it to the specially favored people who are so fortunate as to live in the District of Columbia. And following it as an aftermath, these Washingtonians will a little later take from the United States Treasury the further sum of $819,373.83.

HAVE FOUGHT THIS BILL FOR SEVERAL YEARS

If, under the provisions of law, strained or otherwise, this Government were due the District of Columbia any sum, I would unhesitatingly vote to pay it. I have always promptly paid my own debts, and I want my Government to do likewise. My investigations covering several years have convinced me that it is the District of Columbia that owes large sums to the Government, instead of there being any sum whatever due it. Being so convinced, and having given close study to the subject, I have fought this bill for several years.

HOUSE COMMITTEE HAS NEVER INVESTIGATED CLAIM

No committee of the House of Representatives has ever investigated the justice of this claim. In the Sixty-seventh Congress, when just 10 days before its final adjournment the bill was favorably reported, it was so done without authority, for at the time that action was taken on February 21, 1923, the gentleman from Maryland [Mr. ZIHLMAN] asked that the bill be reported, because he had promised the gentleman from Colorado [Mr. HARDY] that he would have it reported, and there was not a quorum then present, and a point of no quorum had already been made, and the action was thereafter taken without a quorum, and at a time when the House had already met. This is shown from the following excerpt from my minority report filed in the Sixty-seventh Congress, which is on page 4844 of the CONGRESSIONAL RECORD for February 27, 1923, which I quote as follows:

> The House Committee on the District of Columbia was called to meet at 10.30 o'clock a. m. on Wednesday, February 21, 1923. The committee has 21 members. The presence of 11 members is required to make a quorum. When the committee was called to order at 10.40 a. m., only eight members were present, to wit: Chairman Focht, Zihlman, Walters, Sproul, Blanton, Gilbert, Hammer, and O'Brien. After passing on routine matters, the committee conducted a hearing on the proposed legislation to extend the time for evicting alley residents, hearing the testimony of several witnesses. At 10 minutes before noon, the business of said committee apparently having been concluded, as members were then circulating a eulogy on the chairman, the writer stated that he would have to leave, in order to be in the House when a conference report was to be taken up.

Concerning what transpired thereafter, the press reports that a motion was made to report the alley bill, but was withdrawn when a Member made the point of no quorum and then, upon motion of the gentleman from Maryland [Mr. ZIHLMAN], the few Members present order a favorable report on the Hardy bill (H. R. 14372), to credit said alleged surplus to the District of Columbia. At that time there was no quorum present, and said committee was sitting and acting without authority, for the House of Representatives has never granted authority to said Committee on the District of Columbia to sit during the sessions of the House. The gentleman from Kentucky [Mr. GILBERT] voted against reporting said bill. Such bill has never been considered by said committee. No hearing whatever was had on same by said committee.

None of the few members of said committee present had read even the majority report of said special select committee. None of them had conferred with the gentleman from Nebraska [Mr. EVANS] concerning the minority report he was going to file against said alleged surplus. The only excuse given for reporting out said bill without hearing or consideration was the statement of the gentleman from Maryland [Mr. ZIHLMAN] that he had promised the gentleman from Colorado [Mr. HARDY] to report it out. This ridiculous half-page report shows that an amendment in the Senate is pending to attach this $4,438,154.92 unjust legislation upon the deficiency bill which this House to-day is reading under the five-minute rule. The evident intention is to pass it without debate. These gentlemen do not understand that that surplus claim is wholly without merit.

The foregoing shows conclusively that the Committee on the District of Columbia of the House of Representatives held no hearings and made no investigation whatever of this proposal in the Sixty-seventh Congress, but reported the bill when there was no quorum present merely to comply with a request that had been made by the gentleman from Colorado [Mr. HARDY].

COMMITTEE MADE NO REAL INVESTIGATION IN THIS CONGRESS

When the Committee on the District of Columbia met on Wednesday, May 7, 1924, I then insisted that no action be taken on this bill until there was a hearing upon and an investigation of it. Only after urgent insistence on my part did the committee authorize a hearing. And the committee required, when creating the subcommittee, that it should make its report thereon back to the full committee on the next Wednesday, May 14, 1924. I immediately urged both the gentleman from Wisconsin [Mr. LAMPERT] and the gentleman from Pennsylvania [Mr. BEERS] to begin the hearings at once, but same was not called until 10.30 a. m., Monday, May 12, 1924, which permitted only an hour and a half that day and an hour and a half on Tuesday, as the House met each day at noon, and the report had to be made back to the full committee on Wednesday, May 14, 1924; and I realized full well that no proper hearing could be conducted in three hours, even if I were given the entire time to offer evidence against the bill.

The committee refused to give me an opportunity to present my facts against the justice of the bill, and did not give me an opportunity to offer witnesses and much record evidence I had against the proposal, hence I left the so-called hearing, and the bill was favorably reported without going into the voluminous facts at all.

COMMITTEE'S FAVORABLE REPORT

It is certainly amusing to read the committee's favorable report on this bill. It is short and sweet. It couldn't be otherwise. Here it is:

Mr. BEERS, from the Committee on the District of Columbia, submitted the following report to accompany S. 703:

"The Committee on the District of Columbia, to whom was referred the bill (S. 703) making an adjustment of certain accounts between the United States and the District of Columbia, having considered the same, report favorably thereon with the recommendation that it do pass."

And upon that simple statement, the Committee on the District of Columbia expects the Congress to take out of the people's Public Treasury the enormous sum of $4,438,154.92 and make a present of it to the petted people of Washington.

What reason is given for it? None. What facts are offered in support of it? None. The committee expects the Congress to vote for it blindly. The committee expects the Congress not to be of an inquisitive mind. The committee expects the Congress not to be interested. And most of the time when District business is before the Congress it isn't interested. And that is just why these citizens' organizations of Washington are able to get so many millions handed out to them from the Public Treasury.

ORIGIN OF THIS FICTITIOUS CLAIM

This claim of a so-called surplus due the District of Columbia arose in the following manner: Until 1922 the fiscal arrangement was that the expenses of the District should be paid 50 per cent by the District and 50 per cent by the Government; and since that time such expenses have been paid 60 per cent by the District and 40 per cent by the Government, until last year Congress fixed the amount of the Government's contribution at $9,000,000.

As the taxes from the people of the District at their low assessment and low rate of taxation have been collected, they have been placed in the Treasury to the separate credit of the District of Columbia. And the license fees, franchise fees, fines, and penalties have also been credited. And because of the fact that in many of the supply bills for the various Government departments Congress has each year made appropriations for various civic enterprises, amounting to millions on the water system alone, which came 100 per cent out of the Government, the appropriations made in the regular District of Columbia appropriation bills did not exhaust all of the credits which the District of Columbia had in the Treasury, credited from such taxes, licenses, franchises, fines, and penalties, simply because the needs and necessities of the District had been provided for by the Government 100 per cent out of its own Treasury in various of its departmental supply bills.

And because of these facts the District of Columbia Commissioners and citizens saw a fine opportunity to make a claim against the Government to the effect that because Congress did not actually exhaust such credits of the District in the Treasury by appropriations in the regular District of Columbia appropriation bills, that the aggregate of such credits not so exhausted ought to be given to the District of Columbia. These Commissioners and citizens of the District of Columbia specially avoided taking into account the millions and millions of dollars the Government spent in other departmental supply bills taken 100 per cent out of the Government Treasury, which, if matched by funds of the District under the regular fiscal relation agreement, would exhaust two or three times the unexpended credits in the Treasury claimed by the District of Columbia.

WHAT CONGRESS AUTHORIZED

And when the District of Columbia made this claim the Congress required that all of these matters be taken into consideration back to the year 1874. Let me quote from the act of June 29, 1922, which created the joint select committee of Senators and Representatives to investigate this claim, the following:

A joint select committee composed of three Senators, to be appointed by the President of the Senate, and three Representatives, to be appointed by the Speaker of the House of Representatives, is created and is authorized and directed to inquire into all matters pertaining to the fiscal relations between the District of Columbia and the United States since July 1, 1874, with a view of ascertaining and reporting to Congress what sums have been expended by the United States and by the District of Columbia, respectively, whether for the purpose of maintaining, upbuilding, or beautifying the said District, or for the purpose of conducting its government or its governmental activities and agencies, or for the furnishing of conveniences, comforts, and necessities to the people of said District.

Neither the cost of construction nor of maintenance of any building erected or owned by the United States for the purpose of transacting therein the business of the Government of the United States shall be considered by said committee. And in event any money may be or at any time has been by Congress or otherwise found due, either legally or morally, from the one to the other, on account of loans, advancements, or improvements made, upon which interest has not been paid by either to the other, then such sums as have been or may be found due from one to the other shall be considered as bearing interest at the rate of 3 per cent per annum from the time when the principal should, either legally or morally, have been paid until actually paid. And the committee shall also ascertain and report what surplus, if any, the District of Columbia has to its credit on the books of the Treasury of the United States which has been acquired by taxation or from licenses. And the said committee shall report its findings relative to all the matters hereby referred to it to the Senate and House, respectively, on or before the first Monday in February, 1923.

You will specially note that said committee was required by Congress to audit all of such business relationship of the District of Columbia and the Government back to July 1, 1874, and instructed said committee to take into consideration all sums of money which the Government during that time had spent—

For the purpose of maintaining, upbuilding, or beautifying the said District, or for the furnishing of conveniences, comforts, and necessities to the people of said District.

That required this committee to check up all departmental supply bills and to glean from same all sums expended by the Government for the purposes above mentioned during all of the period back to July 1, 1874, and Congress intended that all such sums should offset, in the proportion that the District and Government should pay the expenses, the various credits the District of Columbia had in the Treasury.

BUT COMMITTEE DID NOT OBEY DIRECTIONS OF CONGRESS

The gentleman from Nebraska, Mr. Evans, who was a member of this joint select committee, filed a most comprehensive minority report against this so-called surplus, asserting that the committee refused to obey the directions of Congress and refused to make any investigation or audit of the business during the period between July 1, 1874, and July 1, 1911, as Congress had directed it to do, but that such committee confined its investigation and audit only to the period between July 1, 1911, and July 1, 1922. This minority report of Mr. Evans's is printed in the CONGRESSIONAL RECORD for Feburary 26, 1923, on pages 4763 to 4773, inclusive. Let me quote you a few excerpts from same:

EXCERPTS FROM MINORITY REPORT FILED BY MR. EVANS, OF NEBRASKA

The undersigned is unable to agree with the findings and conclusions of the majority of the committee for the following reasons:

(1) The construction of the act raising the committee as made by the majority report is erroneous, and the same objection lies as to the construction or effect of other acts bearing upon or affecting the matter investigated by the committee.

(2) The investigation made by the committee has covered neither the period nor the extent that Congress directed.

(3) The finding by the majority of a balance or surplus of $4,438,154.92 as due to the District of Columbia is not supported by facts or law.

The language of the act under which the committee was created is clear and positive in its authorization and directions. There is, as to the points upon which the majority of the committee and the writer differ, no ambiguity in the language of the act.

The purpose Congress had in creating the joint select committee was to discover and report to Congress all facts bearing on the fiscal relations between the District of Columbia, hereinafter called the District, and the United States, hereinafter called the Government, in order that Congress might be able to determine the exact state of such fiscal relations. Such a discovery and report has not been made.

The alleged surplus reported by the majority of the committee is not based on such facts or information so gathered, because not all of such facts or information was gathered or searched for. In addition it was desired to have fixed accurately and authoritatively the amounts contributed by the District and the Government, respectively, for "maintaining, upbuilding, or beautifying said District, or for the purpose of conducting its governmental activities and agencies or for the furnishing of conveniences, comforts, and necessities to the people of said District." This direction of Congress has been ignored or so performed as to amount to a disregard of the congressional mandate.

I

The construction of the act raising the committee as made by the majority is erroneous, and the same objection lies to the construction of other acts bearing upon or affecting the investigations by the committee.

The act "authorizes and directs" inquiry into all matters pertaining to the fiscal relations between the District and the Government since July 1, 1874.

First, there is no question but that the act is mandatory. It is not left to the choice or desire of the committee or a majority of the committee to determine whether it is best or proper or just to go into the subject matter presented for inquiry, and the act is equally specific as to the extent. It covers "all matters" pertaining to the fiscal relations * * * since July 1, 1874.

What did the committee do under this authorization and direction? It secured the services of Haskin & Sells, accountants, and secured through them an audit of the District general fund from June 30, 1911, to June 30, 1922. It secured a calculation and stating of the amount of interest on a portion only of the fund found due from one to the other. It inquired of certain persons if they knew of any other items unsettled in the accounts between these interests. It had submitted to it a report of a previous audit made by persons in no way responsible to it, and so far as known such report could not be vouched for as a complete and comprehensive audit of the period prior to June 30, 1911.

Such items as its inquiries developed it inquired into to only a limited extent. Outside of the audit of the District general fund for the time intervening between June 30, 1911, and June 30, 1922, it has and can produce no certified audit of any period or any account. I wish to emphasize this fact: It does not have an audit that covers fully all accounts between these interests between the dates mentioned in the act, June 30, 1874, and June 30, 1922. None was made. I assume that the construction placed by the majority of the committee, hereinafter called the majority, is measured by its acts, and hence I feel there has been a misconception of the intent of the act. No accountant or auditor, no committee or part of a committee with financial reliability back of its certificate will certify to the correctness of the surplus reported or the completeness and thoroughness of the audit reported.

The effect of the majority report boiled down is that within limits of the time given a thorough audit can not be made. To make such an audit will require more money and more time than was given to the committee. It has inquired of certain persons, former officials, or auditors of a portion of these accounts if they or either of them knew of unreported items, which, if there had been items so known to such persons it would have been their duty to report, and upon receiving an answer denying knowledge of unreported items the majority have accepted as final and complete the investigation of Haskins & Sells as to the District general fund covering the period between June 30, 1911, and June 30, 1922.

Thus it is clearly apparent that this joint select committee did not do what Congress had directed it to do, and that it did not go back to July 1, 1874, but that it merely considered the short period embraced between July 1, 1911, and July 1, 1922. But let me quote further excerpts from Mr. Evans's minority report:

It is also claimed by them that Congress has very materially reduced District appropriations during the war (p. 184). This is an inaccurate statement. The appropriations by years since 1892 follow:

NOTE.—Total appropriations, including water department:

1892	$5, 597, 125. 17
1893	5, 372, 737. 27
1894	5, 413, 223. 91
1895	5, 616, 138. 57
1896	5, 761, 383. 25
1897	5, 900, 319. 48
1898	6, 205, 015. 06
1899	6, 536, 580. 07
1900	6, 874, 525. 77
1901	7, 577, 369. 31
1902	8, 502, 269. 94
1903	8, 586, 089. 97
1904	8, 888, 097. 00
1905	11, 023, 440. 00
1906	9, 844, 197. 62
1907	10, 346, 062. 16
1908	10, 442, 598. 63
1909	10, 001, 888. 85
1910	10, 699, 531. 49
1911	10, 840, 257. 99
1912	12, 061, 286. 50
1913	10, 670, 733. 00
1914	11, 392, 239. 00
1915	12, 272, 539. 49
1916	11, 950, 063. 60
1917	12, 842, 216. 10
1918 including $956,003 in deficiency acts	15, 129, 090. 85
1919, including $830,482.80 in deficiency acts	15, 971, 001. 46
1920, including $12,000 in sundry civil act, $726,825.04 in deficiency acts, $591,281.75 in special acts, and $15,264,421 in the District of Columbia act	16, 694, 527. 79
1921, including $533,727.90 in deficiency acts	18, 881, 949. 43
1922	21, 039, 972. 99
1922 (deficiency acts)	1, 566, 700. 00
1922 (Army act)	200, 000. 00
1922 (permanent annual and indefinite appropriations)	1, 380, 600. 00
1923	22, 459, 609. 80
1923 (deficiency act)	382, 000. 00
1923 (special act)	10, 000. 00
1923 (permanent annual and indefinite appropriations)	1, 624, 600. 00

It will be seen that while there was a slight reduction in one or two years that there has been a gradual increase throughout the entire period.

The majority report also challenges attention to the fact that since 1912 the appropriations have not been equal to the estimates, and by inference, if not statements, convey the impression that this is unusual and had not been the fact prior to 1912, and the statement is also made that this failure to appropriate the amount estimated and because appropriations were so reduced the surplus accumulated. The majority fails to state that for some of the years covered there was an estimate calling for expenditure of large amounts exclusively from the Federal funds, but does include those amounts in the estimates copied into the report.

Schedule 1 of the Mapes report shows that the total District revenues in 1912 were $7,078,091.16, and that there was a gradual increase, until in 1922 the amount was $13,917,005.62, approximately doubling in 11 years. This fact and a comparison of the preceding tables refute the majority statements referred to so far as material to the consideration of the subject in hand.

In this connection it is also urged that expenditures for public schools in the District during the war were reduced. The expenditures for schools, by years, since 1914 follow:

[Note: Total for public schools.]

APPROPRIATIONS

1915	$3, 382, 840. 00
Deficiency	13, 152. 00
1916	3, 308, 740. 00
In deficiency acts	42, 204. 00
1917	3, 090, 299. 00

Deficiency act	$88,150.00
1918	3,568,225.00
Deficiency	103,657.00
1919	3,478,840.00
Deficiency	92,000.00
1920	3,665,950.00
Deficiency	175,744.00
1921	5,018,160.00
Deficiency	69,719.56
1922	5,871,140.00
1922 (deficiency)	1,544,000.00
1923	7,240,800.00
Deficiency act	260,000.00
ESTIMATES	
1915	3,781,245.00
1916	3,362,700.00
1917	3,647,721.00
1918	4,131,180.00
1919	5,101,253.00
1920	3,986,300.00
1921	4,556,915.00
Supplemental	54,520.00
1922	7,115,645.00
1923	7,614,280.00

It is apparent from this table that schools have been fairly treated.

EVANS INTIMATED THAT COMMITTEE AVOIDED PROPER INVESTIGATION

Let me quote further excerpts from this splendid minority report filed by Mr. Evans of Nebraska:

II

THE INVESTIGATION MADE BY THE COMMITTEE HAS COVERED NEITHER THE PERIOD NOR THE EXTENT THAT CONGRESS DIRECTED

The language of the act is very plain in two particulars, i. e., the period covered—June 30, 1874, to time of the act, June 30, 1922—and the matters covered; that is, all matters pertaining to the fiscal relations.

There has been but one fund to which the investigation of Haskins & Sells has gone—the District general fund. If there have been other items followed or investigated, it has been because such items have been connected with the District general fund or the inquiry has been made on special request of the committee or its chairman or a member. The same is true of the Mays investigation. Nothing has been done outside of the District general fund unless the item was connected with the general fund or unless there were instructions to the accountants to investigate a particular item or group of items.

The remarkable thing about it all is that it is from items outside of the general fund that the debits against the District have nearly always been found. It will be found that when a complete and thorough investigation has been made that the oversights and omissions will be in matters not strictly within the general fund. The reason for this is plain. It is an account with the appropriations and in touch by practically daily audits by both the District and the Treasury. This is not true of the "interest and sinking fund" handled in the Treasury alone, or of an account such as the Washington Market, the District insane, or even rentals when they go into the District account without a check-back.

It is because of these conditions that now is the time to check up all appropriations made wholly from Federal funds and which reach the District or benefit it, and at the same time to search all receipts to their sources so as to determine whether or not the District has received revenues equitably belonging to the Government.

No man at either end of the Capitol has such thorough knowledge of the relations between the District and the Government as Hon. BEN JOHNSON of Kentucky. Certainly no one knows more of the House committee work as covered by the Mays and Spaulding audits covering the period from 1878 to 1911 than he.

It was upon his motion that such action was taken. He was before the joint committee, and I quote a part of his comment before the committee on those audits:

"They were not what you might call, Senator, audits in the strict sense of the word. They were supposed to look through the acts of Congress and find where Congress had made loans or advancements to the District of Columbia, with the distinct understanding that those that the District should reimburse they should make a report as to those. Now, they did report as to several of those, and the Congress directed what they found, and which finally became undisputed, to be returned to the United States. But there was not an audit of the accounts between the District of Columbia and the United States made by Mays or Spaulding.

"The CHAIRMAN. That could be termed a complete audit, you mean?

"Representative JOHNSON of Kentucky. Yes.

"The CHAIRMAN. There were audits made, but you would not term them complete audits?

"Representative JOHNSON of Kentucky. Why, I would term them most incomplete." (Hearings, p. 199.)

It is stated in the majority report that Mr. JOHNSON has spoken "against the necessity for or advisability" of "a further detailed audit" of the period between July 1, 1874, and June 30, 1911.

This is an error. Mr. JOHNSON stated in substance that it was not necessary to audit the portion—not the period—of the accounts audited by Mays, which was the general fund and some special items. The Member from Kentucky does not need assistance from the majority or minority either in the expression of his views or their interpretations, and this mention is only made that this statement of the majority may not remain unchallenged.

On page 202 Congressman JOHNSON, in answer to a question by Senator BALL, states:

"Representative JOHNSON of Kentucky. You take it for granted; your premise is laid down now that a former Congress has settled this. There I take issue with you. I do not think the former Congress ever settled it.

"Now, Mays and Spaulding made reports that they found that many advances to the District of Columbia under certain congressional acts had been paid to the District of Columbia with the provision that the United States was to be reimbursed, and then their report was as to the amounts advanced, and the report also was to the fact that no reimbursement had ever been made. So the two naked facts of advancement to the District and nonpayment by the District to the United States of a specified amount were the extent of their reports.

"Then the Appropriations Committee just put in the appropriation bill clauses requiring the District of Columbia to account for and pay the amounts so reported, saying nothing whatever of interest, as to whether it was to be calculated at some other time or whether it was to be remitted.

"That condition relates to the insane-asylum affairs and to a number of other items. If I had known I was coming here, I would have read the report." (Hearings, p. 202.)

When Hon. BEN JOHNSON was before the committee he made the following statement in answer to questions then asked him:

"Representative EVANS. When the committee which presented the report that covered the period prior to July 1, 1911, presented that report, had they covered all of the work that was referred to them?

"Representative JOHNSON of Kentucky. Most certainly not.

"Representative EVANS. What items, if any, were investigated by either the Mays or Mr. Spaulding which were not specifically mentioned, and they directed to investigate, except the single subject of appropriations and disbursements under appropriations?

"Representative JOHNSON of Kentucky. I do not believe I caught your meaning.

"Representative EVANS. The Mays, and subsequent to them Mr. Spaulding, were asked to check up the matter of disbursements against the matter of appropriations for the period mentioned, were they not?

"Representative JOHNSON of Kentucky. For the purposes mentioned; yes.

"Representative EVANS. Now, were there any other items investigated by either the Mays or Mr. Spaulding except such as were specifically called to their attention?

"Representative JOHNSON of Kentucky. If they went into the investigation of anything except matters to which their attention was specifically invited by the House District Committee, I am not aware of it.

"Representative EVANS. Was that investigation under the control of the District Committee?

"Representative JOHNSON of Kentucky. It was under the control of a subcommittee of the District of Columbia Committee.

"Representative EVANS. What relation had you to the District Committee and to that subcommittee?

"Representative JOHNSON of Kentucky. I was chairman of the House District Committee and I was chairman of that subcommittee." (Hearings, p. 209.)

That the Mays report did not pretend to be a completed investigation of the accounts under consideration was called to the committee's attention. (Id. 240.)

On January 31, being the Wednesday immediately preceding the Monday on which the majority report was filed and presented, the minority member inquired of Mr. Hill, the representative of Haskins & Sells, the accountants employed by the committee, whether or not Haskins & Sells would then, without an additional audit, cover with a certificate or under their signature the accuracy of a statement of account of the period preceding June 30, 1911. His reply was "Absolutely not."

SALARIES OF ARMY OFFICERS DETAILED TO DISTRICT SERVICE

An item mentioned in the report of Haskins & Sells has not received the attention it merits—Engineer officers detailed by the Army for District work whose salaries are wholly paid by the Government.

These men so detailed are men whose counterparts in similar cities as a rule receive large salaries. No other city can secure a similar detail. It has been suggested that on river work to which they are assigned they are paid by the Government, but the rivers are under the War Department. It is suggested that they are assigned to advise in engineering problems, but even in that case the service rendered is only advisory, of short duration, and nothing more. In this case, however, it is all kinds of engineering works—streets, water, auto vehicles—every branch of engineering work in the city. The salary of the Engineer Commissioner might be excepted, but even as to that no sufficient reason can be given for the exception.

FINES AND FEES IN DISTRICT COURTS

There is an item in the Haskins & Sells report to which it calls special attention; that is, fines and fees in the District Supreme Court. There is another item in that report to which special attention is not called: Fines in the police court of the District, which during the period covered by the Haskins & Sells audit amounted to $1,536,958.73. It was all covered to the District's credit and should have been divided.

These courts are supported from the joint appropriation, except that clerk and marshal of the former are paid entirely from Government funds. It is the opinion of the writer that both of these should be divided between the District and Government on the basis of their contributions.

CONGRESSMAN EVANS ASSERTED THERE WAS NO SURPLUS DUE DISTRICT

Let me quote a few more excerpts from the concluding portion of Mr. Evans's minority report:

III

THE FINDINGS BY THE MAJORITY OF A SURPLUS OF $4,438,154.92 AS DUE TO THE DISTRICT OF COLUMBIA IS NOT SUPPORTED BY FACTS OR LAW

In order that there shall be a surplus in favor of the District in the Treasury of the United States under the law it must appear that all accounts between the District and the Government from June 30, 1874, to June 30, 1922, have been audited and that the balance sheet covering that entire period shows such balance.

THE MAJORITY DID NOT SO FIND THE SURPLUS THEY REPORT

The only period that has been covered by the majority audit is that between June 30, 1911, and June 30, 1922. The only account covered in that period is that of the District general fund. Other funds or appropriations not contained in the District appropriation acts have not been checked or audited except as to specific items, and as to the period preceding June 30, 1911, there is only the guess that it is as found by the Mayes, of whom it is established that they only completely checked the District general fund.

To arrive at the conclusions presented by the majority it was compelled to violate the ordinary canons of construction in construing the acts of Congress and to disregard the directions of the act of June 29, 1922, under which it was supposed to act.

In arriving at its conclusions the majority omitted from consideration the following items for the Government:

One-half of the 5–20 bonds.

One-half of the interest on the 5–20 bonds.

Interest on all items of advances or credits upon which interest has not been paid.

One-half of the fines of the police court for the Government.

One-half of the $5,000 appropriation to buy land for the National Training School for Girls, which, it seems, has been expended but no land bought.

One-half of the salaries of Army officers who work only for the District.

The interest item alone on known changes shows a credit to the United States of $1,691,889.93, as shown by the majority report.

The 5–20 bonds show a credit of over a million for the Government, and interest from the dates of payment should be added.

There are many other items not included in the foregoing which are known to a limited number of persons, which, when properly inquired into, will doubtless disclose other large sums that have gone from the Treasury to the benefit of the District.

EVANS SHOWED THAT COMMITTEE RECOGNIZED INVESTIGATION INCOMPLETE

I quote from Congressman Evans's minority report the following excerpts showing that members of this joint select committee admitted to themselves that their work was only partially done, and were reporting only because they had already expended the $20,000 allowed them by Congress:

Representative WRIGHT. Mr. Chairman, I am impressed that the legislation which created this committee contemplated that the entire period from 1874 on up should be covered; and if it be necessary, to render a report which would finally settle these mooted questions between the United States and the District of Columbia; in other words, when this report shall have been filed that Congress can take such action upon it as will finally set at rest these disputed items. I think that was thoroughly in contemplation when the legislation was passed.

Now, the chairman has suggested that only 11 years of that period have been covered, and that that coupled with the formal report might clear up the situation so that a comprehensive report might be submitted by this committee.

It has developed that the examination of those 11 years alone has consumed practically all the time——

Representative HARDY of Colorado. And all the money.

Representative WRIGHT (continuing). And all the money; so that this committee has very little time to formulate a report, and the question arises as to whether we have sufficient data or information now to render that report.

This thought occurs to me: What would be the status of this committee after the 29th of February, which is the date fixed as that upon which we should render this report. If we submit a preliminary report, would we not necessarily have to ask Congress to extend our time and make an additional authorization of appropriation for the work?

Senator BALL. Would you suggest a preliminary report?

Representative WRIGHT. I think that would be the sensible thing to do. I hardly see how it would be physically possible for this committee to thoroughly investigate all of these items, with the issues which have been raised here, between now and the first Monday in February.

Senator BALL. Personally, I would rather submit no report until we were ready with our final report. We might make a statement in this preliminary report, if one were submitted, that we would find afterwards was not well founded, and it would be in existence and would be quoted in the future, probably, against our final report.

Representative WRIGHT. I would certainly want to avoid what the Senator suggests. If you made a preliminary report, it would not particularly bind anybody. My idea would be to have Haskins & Sells submit a preliminary report.

The CHAIRMAN. A preliminary report could be in two forms, as I see it, one including the figures or recommendations and another, which would be practically a report of progress, with an explanation of the situation that has developed.

Senator BALL. That is the kind of report I would like to see.

The CHAIRMAN. With a recommendation for further time and, if necessary, that further money be allowed for the purpose.

Yet, in the face of the above situation, the majority of said special select committee made its report recommending that Congress allow and pay to the District said alleged surplus of $4,438,154.92.

RECENT SO-CALLED HEARING A SHAM AND PRETENSE

As stated in the beginning of this report, the House Committee on the District of Columbia made no attempt whatever in the Sixty-seventh Congress to hold any hearing on this so-called surplus, and made no investigation whatever of such fiscal relation. And in the present Congress the only consideration which said House Committee on the District of Columbia gave to this bill was to have a subcommittee casually discuss it on May 12, between 10.30 a. m. and noon, and on May 13, between 10.30 a. m. and noon, 1924, at which time I have already shown by quoting the hearings that such subcommittee gave me only about 5 or 10 minutes to present any facts against it.

In an attempt to explain why the joint select committee did not obey the instructions of Congress and investigate the period between July 1, 1874, and July 1, 1911, Mr. Daniel J. Donovan, auditor for the District of Columbia, testified before the subcommittee on May 12, 1924, as follows:

Mr. DONOVAN. To go back for a moment to a previous investigation—because it enters into this question in view of what Mr. BLANTON has said—the joint select committee appointed under the act of June 29, 1922, did not go back of any period prior to July 1, 1911, but continued its examination only from that point down to and including June 30, 1922, and the reason was this: During the time that Mr. BEN JOHNSON was chairman of the Committee on the District of Columbia of the House of Representatives he had got through the House a resolution providing for an investigation into the fiscal relations between the United States and the District covering the period between July 1, 1874, and June 30, 1911, Mr. JOHNSON's committee employed two accountants, a father and son, by the name of Mays—both from Kentucky—and those two gentlemen did actually conduct that investigation during a period of two and one-half years; and I want to emphasize the fact that it took two and one-half years for that particular examination. Those two accountants did conduct as fine-tooth-combed an investigation and examination into the fiscal relations between the United States and the District of Columbia as was humanly possible.

WAS MR. DONOVAN CORRECT

Thus Mr. Donovan led the House subcommittee to believe that the investigation which Mr. JOHNSON of Kentucky caused to be conducted while he was the chairman of the House District of Columbia Committee was a complete investigation covering the entire period between July 1, 1874, and July 1, 1911, when, as a matter of fact, that it was a partial investigation covering only specific items of controversy, as I will now show from a statement from Congressman JOHNSON himself.

The following is a copy of a letter written by me to Mr. JOHNSON:

WASHINGTON, D. C., *June 5, 1924.*

Hon. BEN JOHNSON, M. C.,
House Office Building.

MY DEAR COLLEAGUE: With reference to the so-called surplus alleged to be due the District of Columbia by the Government, Mr. Daniel J.

Donovan, the auditor for the District, testified that the reason the joint congressional committee created June 29, 1922, confined its investigations to the period between June 30, 1911, and June 30, 1922, and did not go back to July 1, 1874, as directed by Congress, was because you had fully covered the period between July 1, 1874, and July 1, 1922, in an investigation you had conducted while chairman of the District Committee. And he claimed that you had balanced accounts up to July 1, 1911.

From my conversations with you and in examining many speeches made by you on the many ways the District has overreached the Government on finances, I am constrained to believe that Auditor Donovan is mistaken.

Will you kindly advise me whether you did, in fact, cover all matters involved between July 1, 1874, and July 1, 1911, and whether you agree that the District balanced accounts up to July 1, 1911.

Sincerely yours,

THOMAS L. BLANTON.

[BEN JOHNSON, M. C., fourth Kentucky district. Member appropriations Committee]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., June 5, 1924.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I am just in receipt of your note asking whether or not, in my opinion, all matters relative to the fiscal relations between the District of Columbia and the United States Government were covered by the investigations made by the Committee on the District of Columbia while I was chairman of that committee.

In reply thereto I wish to say that not only is the statement made by Mr. Donovan incorrect, but that it was never contemplated under the authority given by the House to the District Committee to go into the entire fiscal relations between the United States and the District of Columbia. The authority given and the work undertaken included nothing more than to recover specific items due the United States from the District of Columbia.

In those items were embraced considerably more than a million dollars owing to the United States by the District of Columbia on account of the lunatic asylum, approximately half a million dollars on account of the Center Market, and various other items on account of advancements made for schoolhouse purposes, the jail, the 3.65 bonds, and a number of other items which I can not now enumerate.

When I retired from the chairmanship of the District Committee I invited the attention of my successor to several other items which, beyond any sort of doubt, were due to the United States by the District of Columbia and volunteered my assistance in helping him to develop them, so that they might be paid. The resolution which would have authorized additional payments to the United States by the District was never asked for, and my offer to designate the specific sums due the United States was not availed of.

In my opinion, large sums of money are still owing to the United States by the District between the 1st of July, 1874, and the 1st of July, 1911.

I notice in the local papers that those who are designated as "friends of the District" are asking for another investigation into the fiscal relations between the District of Columbia and the United States. In my opinion the "special committee" now being asked for to once more inquire into these relations is but an excuse to avoid the real issue. It is easily ascertainable that every time the District of Columbia has been called upon to pay a decent rate of taxes without infringing upon the rights of the people of other States to help them pay their taxes they have resorted to a "special committee" to inquire into the fiscal relations between the District of Columbia and the United States. It is not the investigation that they want. Instead it is delay and a lack of adjustment that they desire by seeking an investigation.

The last investigation, with all due respect to those who conducted it, was farcical. That "special committee" was particularly directed to make specific findings. If they had complied with the law made two years ago, they could not possibly have failed to find the District of Columbia indebted to the United States in excess of $50,000,000 spent in beautifying and upbuilding the District of Columbia.

Instead of going into the matter in detail they treated the proposition in a blanket way, and found that the United States owes the District of Columbia what is now known as "the four and one-half million dollar surplus"; while, as I have said, if they had followed the directions of the law the balance would have been on the other side of the ledger in an amount certainly not less than $50,000,000.

Very truly yours,

BEN JOHNSON.

Remember that Congressman Evans said that Representative BEN JOHNSON of Kentucky is the best posted man in the United States on civic conditions in Washington, and the fiscal relation between the District of Columbia and the United States. And Congressman BEN JOHNSON says in his letter that if an audit were made as Congress directed back to July 1, 1874, such audit would demonstrate that instead of the Government owing the District a surplus of $4,500,000, the District of Columbia owes the Government at least $50,000,000.

Mr. DAVIS of Minnesota has for years framed the District of Columbia appropriation bill. In debate he said that, large and small, there are about 600 parks in Washington. Most of these were paid for or furnished by the Government to the District of Columbia without cost to the people here. For most of them the money came out of the Public Treasury 100 per cent. And Congress has passed a bill giving $1,100,000 every year for additional parks from now to eternity.

Will any person claim that the beautiful Potomac Park with its wonderful boulevards down to the point opposite the War College, which has cost the Government huge sums, does not beautify the city and furnish conveniences and pleasures for the people that in every other city they must pay for themselves? Will any person claim that the beautiful grounds and reflecting pools surrounding Lincoln Memorial and Washington Monument do not constitute conveniences and pleasures for the people here which to enjoy the people in every other city must furnish and pay for themselves?

Why, the Government paid nearly $500,000 for the playground on Sixteenth Street near Mrs. Henderson's residence. Why should this Government furnish it to the children there?

And why should the Government furnish the $1,000,000 Connecticut Avenue Bridge for the people of Washington? Why should the Government furnish the numerous bridges across the Potomac for the people here? The people everywhere else furnish their own bridges.

Why should this Government furnish part of the expense of paving the streets and alleys, maintaining them, furnishing sewer service and water service for the people here? The people in all other cities furnish these things for themselves. Read the following:

LETTER FROM AUDITOR DONOVAN

The following is the letter referred to as received from Auditor Donovan:

[Daniel J. Donovan, aduditor, Simon McKimmie, deputy]

OFFICE OF THE AUDITOR OF THE DISTRICT OF COLUMBIA,
Washington, January 25, 1924.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON: In response to your request of several days ago I take pleasure in furnishing you the information you desire.

Prior to the passage of the Borland amendment property owners were subject to an assessment for sidewalks, alleys, and curbs to the extent of one-half of the total cost. This is also the law at the present time. Property of the United States and the District of Columbia is not subject to assessment for special improvements. Roadway improvements were first charged against property owners by the terms of the Borland law. Service sewers and water mains were and are now also charged in part against abutting property.

The half cost of roadway pavement immediately abutting the frontage of assessable property, excluding street intersections between building lines of the intersecting streets and excluding any pavement area beyond a line 20 feet abutting the property, is assessed as a special improvement tax against such property. The cost of any pavement area in excess of 40 feet is borne by the United States and the District of Columbia in the proportion that each is charged with the appropriation. On streets where there are street railway tracks the railway companies are chargeable under the law with the whole cost of paving between the tracks and 2 feet exterior to the outer rail of the tracks. The property of the United States and the District of Columbia is not subject to assessment under the Borland law.

For service sewers the law at present provides for a flat rate assessment of $1.50 per front foot, with certain deductions made for corner property. This rate represents approximately 37 per cent of the cost of the work.

The special assessments received for the several forms of improvements indicated are paid into the Treasury of the United States, 60 per cent to the credit of the District of Columbia and 40 per cent to the credit of the United States, this being the proportion that each bears of the appropriations for the improvements.

For water mains the law provides a special assessment of $2 per front foot, and this amount represents approximately 66 per cent of the cost of the work. Water-main assessments when received are paid into the Treasury of the United States to the credit of the water-department fund.

At the time of the passage of the Borland law approximately 90 per cent of the streets within the limits of the old city of Washington were already paved, and many of the streets outside of those limits also were paved. I am unable at this time to give you an idea of the proportion of the streets outside of the original city of Washington that were paved when the Borland law was passed.

Not only new paving, but the resurfacing and replacing of pavements is chargeable against abutting property under the Borland law.

The Knox case in the court of appeals involved the question of the application of the Borland law to outlying sections of the District of Columbia and to the particular matter of paving Naylor Road, near the eastern boundary of the District of Columbia. The Knox property was agricultural property. There were no settlements in the immediate vicinity. There were no sewers, water mains, electric or gas lights, curbs, sidewalks, or building lines, and no other conditions which might be called town or village conditions. The court of appeals held in that case that because of the language of the law Congress intended it to apply to those settlements or sections which exhibited town or village conditions, and that the law did not apply to situations like those presented in the Knox case. The assessments were therefore ordered to be canceled. Similar cases are now pending in the courts in regard to other localities, which are claimed to present conditions that existed in the Knox case.

The following appropriations were made by Congress for repair and maintenance of streets during the fiscal years 1921, 1922, 1923, and 1924, each of such appropriations being charged 60 per cent against the revenues of the District of Columbia and 40 per cent against the revenues of the United States:

Fiscal year 1921	$575,000
Fiscal year 1922	575,000
Fiscal year 1923	460,000
Fiscal year 1924	550,000
Total	2,160,000

The following appropriations covering the same period have been made for repairs to suburban streets and roads, payable 60 per cent from the revenues of the District of Columbia and 40 per cent from the revenues of the United States:

Fiscal year 1921	$250,000
Fiscal year 1922	250,000
Fiscal year 1923	225,000
Fiscal year 1924	275,000
Total	1,000,000

The following appropriations have been made for the same period for street improvements, including the paving and grading of streets, payable 60 per cent from the revenues of the District of Columbia and 40 per cent from the revenues of the United States:

Fiscal year 1921	$614,200
Fiscal year 1922	144,840
Fiscal year 1923	233,500
Fiscal year 1924	573,300
Total	1,565,840

The following appropriations have been made for construction and maintenance of sewers for the fiscal years 1921, 1922, 1923, and 1924, payable 60 per cent from the revenues of the District of Columbia and 40 per cent from the revenues of the United States:

Fiscal year 1921	$515,000
Fiscal year 1922	523,000
Fiscal year 1923	502,000
Fiscal year 1924	690,000
Total	2,231,000

I regret very much that it has not been practicable for me to furnish you with this information at an earlier date. In the event that you desire any more details regarding the several matters herein, I shall be very glad to respond to such a request from you.

Very truly yours,

D. J. DONOVAN,
Auditor District of Columbia.

PRESENT DISTRICT OF COLUMBIA

We have one of the strangest situations imaginable here. This is a city, according to the last census, of 437,000 people, exclusive of transients and exclusive of Members of the House and Senators and their employees, who maintain their residences in their home States. At one time this was a very small city. It was nothing more than a big town, and the people who then owned the real property remember that its value was a very low figure, indeed; but the Government of the United States has expended millions of dollars here in the construction of magnificent buildings and securing and maintaining magnificent grounds in this Capital, and besides its own property has given $215,000,000 to Washington for civic purposes. Property values have soared upward until now in many instances you find lots that at one time were worth no more than a hundred dollars now are worth, with their improvements, a million dollars.

For instance, our colleague from New York [Mr. BLOOM], indicated that he is willing to give this Government the stupendous sum of $8,000,000 for the block of land upon which stands the Patent Office.

And until this year the tax rate was only $1.20 on the $100, and at present it is only $1.40 on the $100, assessed in most cases at about half valuation.

MAKING WASHINGTON BEAUTIFUL DOES NOT MEAN EXEMPTING PEOPLE HERE FROM TAXES

I want to say this to you: I am for making Washington the most beautiful city in the world. I am for taking every million dollars out of the Treasury of the United States for the Government to spend to do it that is justly needed, but I am not willing to continue taxing the already tax-burdened people of this country, who have to pay their own large taxes at home, to pay the civic expenses here and then let these specially favored, petted, pampered, selfish, spoiled people in Washington pay only $1.40 on the hundred and enjoy all the benefits of this great city at the expense of our constituents back home.

Take this magnificent $6,000,000 Congressional Library that would cost at least $15,000,000 now—is not it enjoyed by every citizen of the District? Take the magnificent Smithsonian Institution, the magnificent museums here, the art gallery, the magnificent parks, the magnificent playgrounds. Are not the people of the District of Columbia getting the benefit? And yet they want to tax the Government of the United States more than $8,000,000 a year, which the Cramton amendment offers them for the very property that they enjoy hourly here in this District.

THE OLD SLOGAN HAS WORN THREADBARE

Whenever a Member of Congress seeks to change the unjust system of allowing the people of Washington to pay the ridiculous tax rate of only $1.40 on the $100, the newspapers and citizens' associations immediately resort to their old battle cry—

That Washington is the Nation's Capital and must be made the most beautiful city in the world; that the Government should pay a big part of the local city expenses because it owns so much property here.

Washington is the Nation's Capital and should be made the most beautiful city in the world, and I will go just as far as any other man through all legitimate and proper means to make it the most beautiful city in the world. Before the Government built all of its fine institutions here Washington was a mere village. Property here was of little value. It is because of the fact that the United States has spent its millions here that has caused some lots to jump in value from $100 to $100,000. Every piece of property owned by the Government in Washington is daily enjoyed by the people of Washington.

The local pay roll of the Government is a bonanza to the merchants and business enterprises of Washington. The Government pays its nearly 100,000 employees in Washington their wages promptly every two weeks in new money that has never been spent before. Chicago, or any other big city in the United States, would gladly exempt the Government from paying all taxes on its property to get it to move its Capital to such city.

Because we want to make it the most beautiful city in the world is no reason why the Government should pay for building million-dollar school buildings and employing 2,500 teachers and buying the schoolbooks for the 70,000 school children of the thousands of families living in Washington who have no connection whatever with the Government except to bleed it on all occasions and to grow rich on the Government pay rolls expended here.

Because we want to make Washington the most beautiful city in the world is no reason why the Government should pay for the army of garbage gatherers, the army of ash gatherers, the army of trash gatherers, the army of street cleaners and sprinklers, the army of tree pruners and sprayers, and the street-lighting system for the several hundred miles of private residences owned by rich tax dodgers who have no connection whatever with the Government; nor is it any reason why the Government should pay for their water system, their sewer system, their police protection, their fire protection, for playgrounds for their children, for parks for their enjoyment, for their municipal golf grounds, for their numerous public tennis courts, for their bathing beaches, for their skating ponds, for their cricket grounds, for their baseball and football grounds, for their horseback-riding paths, for paving the streets in front of their residences and maintaining and keeping them in repair, for building their million-dollar bridges, furnishing million-and-a-half-dollar market houses, their municipal trial and appellate courts, their jails and houses of correction, their municipal hospitals, asylums for their insane, special asylum schools for their deaf and dumb, asylums for their orphans, a university for their 110,000 colored people, their municipal libraries, their municipal community-center facilities, salaries of all their municipal officers, employees, buildings, furnishings, equipments, sanitary and health departments, and the hundreds of other things that all other cities of the United States must furnish and pay for themselves, but a very substantial part of which the people of Washington have been getting out of the Federal Treasury for years.

The magnificent Capitol and its beautiful grounds are daily enjoyed by Washington people. The Congressional Library, which cost $6,032,124, in addition to the sum of $585,000 paid for its grounds, and for the upkeep of which Congress annually spends a large sum of money, is daily enjoyed by the people of Washington. The Government furnished and maintains the magnificent Botanic Garden here for the pleasure and enjoyment of Washington people.

The Government furnished and maintains the wonderful Zoo Park with all of its interesting animals for the instruction and amusement of Washington children. The Government furnished and maintains the extensive and most beautiful Rock Creek Park, with its picturesque picnic grounds, its miles of wonderful boulevards, its incomparable scenery, all for the pleasure of Washington people. Congress has spent millions of dollars reclaiming and purchasing the lands now embraced in the Potomac Park and Speedway, daily used and enjoyed by Washington people. The Government has spent several million dollars building the various bridges spanning the Potomac River and huge sums for the bridges spanning the Anacostia River, and spent $1,000,000 building the beautiful "million-dollar bridge" on Connecticut Avenue. The Government has spent millions of dollars on the Lincoln Memorial, grounds, and reflecting pool, the Washington Monument Grounds, Lincoln Park, on East Capitol Street, and the numerous beautiful little parks scattered all over the city, all for the pleasure and benefit of Washington people.

I wrote to the mayor of every city of any size in the United States and asked them to advise us of their local tax rates, of the charges for water, sewer, paving, etc., and what rate, in their judgment, they thought Washington people should pay as a minimum. I want to insert just a few in this report. The consensus of opinion was that the rate here should be at least $2.50 per $100, and there was a large per cent who were in favor of it being much higher, and the rates for taxation ranged from $2.75 to over $6.50, and in all these cities the people were charged more for water, sewer, and paving.

Let me again quote a few excerpts from the letter sent me by the mayor of the city of Peoria, Ill.:

[City of Peoria, Ill., mayor's office. Edward N. Woodruff, mayor]

NOVEMBER 1, 1923.

Hon. THOMAS L. BLANTON,
Representative, Washington, D. C.

DEAR SIR: Answering your questionnaire of October 15, concerning relative tax rates of the cities of Washington and Peoria:

The tax rates on each $100 taxable valuation levied against the real and personal property of the citizens of Peoria for the year 1922 is itemized as follows:

City corporate tax, including library, tuberculosis, garbage, and police and fire pension fund	$1.94	
Street and bridge	.24	
School district	2.70	
Park district	.41	
		$5.29
State	.45	
County	.59	
County highway	.25	
		1.29
Total, all purposes		6.58

Unless there is a tremendous revenue derived from sources other than from taxes, the rate of $1.20 for Washington is ridiculous. While I have never had my attention called to this disparity, I am amazed that the light has not been let into financial affairs of the Capital City long before this time.

You should be supported by every colleague in your effort to compel the citizens of Washington to do theirs, even as every citizen outside the District is doing his.

Wishing you success, I am

Very truly yours, E. N. WOODRUFF, *Mayor.*

The foregoing statement from the mayor of Peoria, Ill., fairly indicates the sentiment of the people over the United States. It might be enlightening to quote from a few of the letters received the tax rates of some of the cities over the United States as certified to me by the mayors of such cities.

When I speak of the tax rate of these cities I, of course, mean their total tax—State, county, school and municipal—which is the total tax citizens of those respective cities have to pay on their property, as compared with the $1.20 on the $100 rate Washington people have had to pay in the District of Columbia until this year, and only $1.40 on the $100 now.

The tax rate paid by the people in Baltimore, Md., $3.27 on the $100; in New Orleans, La., $3.16½ on the $100; in Portland, Oreg., $4.52 on the $100; in my birthplace, Houston, Tex., $4.29½ on the $100; in Ogden, Utah, $3.33 on the $100; in Cheyenne, Wyo., $3.75 on the $100; in Fort Smith, Ark., $3.32 on the $100; in New Bedford, Mass., $3.13; in Burlington, Vt., $3.10 on the $100; in Pittsburgh, Pa., $3.22 on the $100; in St. Louis, Mo., which is a distinct political subdivision of the State, the city tax is $2.43 on the $100; in Boston, Mass., $2.47 on the $100; in Rochester, N. Y., $3.36 on the $100; in Portland, Me., $3.40 on the $100; in Boise City, Idaho, $4.29 on the $100; in Mobile, Ala., $3.40 on the $100; in Detroit, Mich., $2.75 per $100; in Duluth, Minn., $5.79 on the $100; in Atlanta, Ga., $3.15 on the $100; in Kansas City, Mo., $2.93 on the $100; in Minneapolis, Minn., $6.52 on the $100; in Salt Lake City, Utah, $3.18 on the $100; in Oakland, Calif., $4.02 on the $100; in Austin, the capital of Texas, $3.54 on the $100; in Denver, Colo., $2.76 on the $100; in Trenton, N. J., $3.22 on the $100; in Racine, Wis., $2.87 on the $100; in Nashville, Tenn., $2.80 on the $100; in Charlottesville, Va., $2.85. And let me illustrate as the tax rate runs generaly over Texas: In Paris, Tex., $4.10 on the $100; in Port Arthur, Tex., $3.54 on the $100; in Tyler, Tex., $4.61 on the $100; in Denison, Tex., $3.32 on the $100; in Waco, Tex., $3.63 on the $100; in Amarillo, Tex., $3.55 on the $100; in Temple, Tex., $3.15; in Wichita Falls, Tex., $5.05 on the $100; in Beaumont, Tex., $4.04.

Mr. Edward F. Bryant, tax collector for San Francisco, Calif., has sent me a statement certifying that the following is the tax rate paid by the citizens in the following cities: In Seattle, Wash., $8.80 on the $100; Chicago, Ill., $8 on the $100; in Reno, Nev., $7.38 on the $100; in New York, N. Y., $5.48 on the $100; in Philadelphia, Pa., $6 on the $100; in Detroit, Mich., $4.48 on the $100; in San Francisco, Calif., $3.47 on the $100; in Los Angeles, Calif., $3.89 on the $100.

What excuse have we to offer to our constituents back at home who are paying the above tax rates for permitting by our votes here the 437,000 people in Washington, D. C., to continue paying the measly little pittance of only $1.40 on the $100, based on a half to two-thirds valuation, when our constituents have to pay all the balance of the expenses of this great city?

Numerous millionaires live in Washington, having no connection with the Government, merely to get the benefit of the low taxes. You may offer all the excuses available, but we are responsible, for we could change this system, but we do not do it.

Some of the finest people in the world live in Washington; they are selfish, but still they are fine people. You can not hardly blame them; they have been sponging on the Government for years. They are making a strenuous fight now to continue the 60–40 system. They must have these hand-outs from the Government. I am in favor of making them pay not what our people pay but $2.75 or $2.50 per $100 at least. I would be satisfied with $2.50. Let them pay $2.50 on the $100 like they used to pay, and let them pay on a full valuation instead of half, and then take every bit of the balance of the expense out of the Federal Treasury, and I am then willing to go the limit with you. I want only them to pay a decent, reasonable, fair tax.

We are to be called upon to build a $44,000,000 plant up here that some of the expert engineers of this city assure me instead of costing $44,000,000 will cost at least $75,000,000 or $80,000,000 before the Government can get out of it. Let me call your attention to the fact that when the Army first attempted to build Muscle Shoals they estimated that all three dams would cost only $19,500,000, and then after we appropriated the first few million dollars for them they came back with the next estimate that the Wilson Dam, No. 2, alone would cost $25,000,000, and then the next estimate was the Wilson Dam, No. 2, would cost $35,000,000, and the latest estimate we have now is that the Wilson Dam, No. 2, alone will cost $45,000,000, while the original estimate of the War Department engineers was that all three dams, all told, would cost only $19,500,000. So you see you can not depend upon these War Department estimates. You are going to be called upon soon to vote for this $44,000,000. These newspapers here are hounding you about it already, with editorials and articles in the paper furthering that cause, and, incidentally, sticking me with pins and needles, pricking me because I am fighting it.

DANIEL J. DONOVAN MISQUOTED ME

When Mr. Daniel J. Donovan appeared before the committee to get them to report this bill he misquoted me relative to what

I had said about Mr. E. Kirby Smith's property. Mr. Donovan is an interested property owner of the District, and is personally interested with all other property owners in trying to get this $4,438,154.92. Over his own signature let me show the facts about Mr. E. Kirby Smith's property:

MR. E. KIRBY SMITH HIMSELF ADMITS ALL I SAID

I quote the following excerpts from a letter received by me from Mr. E. Kirby Smith:

MERIDIAN MANSIONS HOTEL,
Washington, D. C. February 1, 1924.

Hon. THOMAS L. BLANTON,
Representative from Texas, House Office Building,
Washington, D. C.

MY DEAR MR. BLANTON: In the Washington Daily News of January 28, under the head of "Properties underassessed," I note that you list Meridian Mansions Hotel, at 2400 Sixteenth Street, which is a property purchased by me on January 1 of last year. * * *

The writer is at this time the president of the Louisiana Society of Washington, and for six years I was a director in the Federal Reserve Bank of Dallas. * * *

The usual assessment on property is 50 per cent of the valuation. This property could not be replaced for less than $3,000,000, in addition to the land * * * it was sold to me on very long-time payments for $2,250,000. * * *

I have spent quite a fortune refurnishing and building over the place to make it attractive.

Very truly yours,

E. KIRBY SMITH.

The tax assessor of the District of Columbia advised me that for the year before this the Meridian Mansions was assessed at $1,481,960, and at the $1.20 rate of taxation on the $100 paid a tax of only $17,783. The evidence filed before the Rent Commission showed that its annual receipts from rentals aggregate $281,532.20.

BILL SHOULD BE REMITTED

I shall offer a motion to recommit the bill to the committee until a full audit can be made of the whole fiscal account back to the year 1874, as required by Congress, and I hope that my colleagues will support the motion, and not permit this enormous sum of the people's money to be taken out of the Treasury. All Members owning large property holdings in the District should recuse themselves and not vote. I sincerely hope that this bill will never pass.

LEAVE OF ABSENCE

Mr. CROLL, by unanimous consent, was granted leave of absence for two days, on account of important business.

ADJOURNMENT

Mr. SNELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes p. m.) the House adjourned until Monday, January 12, 1925, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. EDMONDS: Committee on the Merchant Marine and Fisheries. S. 3123. An act authorizing the Secretary of Commerce to convey certain land to the city of Duluth, Minn.; without amendment (Rept. No. 1123). Committed to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Committee on Ways and Means. H. R. 10528. A bill to refund taxes paid on distilled spirits in certain cases; with amendments (Rept. No. 1124). Committed to the Committee of the Whole House on the state of the Union.

Mr. WOOD: Committee on Appropriations. H. R. 11505. A bill making appropriations for the Executive office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1926, and for other purposes; without amendment (Rept. No. 1131). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. S. 747. An act for the relief of Joseph F. Becker; without amendment (Rept. No. 1129). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on the Public Lands. S. 2689. An act for the relief of the First International Bank of Sweetgrass, Mont.; without amendment (Rept. No. 1130). Referred to the Committee of the Whole House.

Mr. VINSON of Kentucky: Committee on the Public Lands. H. R. 6044. A bill authorizing the Secretary of the Interior to sell and patent certain lands to Lizzie M. Nickey, a resident of De Soto Parish, La.; with an amendment (Rept. No. 1125). Referred to the Committee of the Whole House.

Mr. VINSON of Kentucky: Committee on the Public Lands. H. R. 6045. A bill authorizing the Secretary of the Interior to sell and patent certain lands to Flora Horton, a resident of De Soto Parish, La.; with an amendment (Rept. No. 1126). Referred to the Committee of the Whole House.

Mr. VINSON of Kentucky: Committee on the Public Lands. H. R. 6853. A bill to quiet titles to land in the county of Baldwin, State of Alabama; with amendments (Rept. No. 1127). Referred to the Committee of the Whole House.

Mr. BRITTEN: Committee on Naval Affairs. H. R. 9375. A bill granting permission to Fred F. Rogers, commander, United States Navy, to accept certain decorations bestowed upon him by the Venezuelan Government; without amendment (Rept. No. 1128). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SINNOTT: A bill (H. R. 11500) to amend an act entitled "An act to consolidate national forest lands"; to the Committee on the Public Lands.

By Mr. PARKS of Arkansas: A bill (H. R. 11501) for the exchange of land in El Dorado, Ark.; to the Committee on Public Buildings and Grounds.

By Mr. RAGON: A bill (H. R. 11502) for the incorporation of the National American Veteran and Allied Patriotic Organizations; to the Committee on the District of Columbia.

By Mr. FISH: A bill (H. R. 11503) to authorize the President, in certain cases, to modify visé requirements; to the Committee on Foreign Affairs.

By Mr. CURRY: A bill (H. R. 11504) to provide for an additional district judge for the northern district of California; to the Committee on the Judiciary.

By Mr. WOOD: A bill (H. R. 11505) making appropriations for the Executive office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1926, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON: A bill (H. R. 11506) granting a pension to Eva A. Davison; to the Committee on Invalid Pensions.

By Mr. BACHARACH: A bill (H. R. 11507) granting an increase of pension to Martha Stadler; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 11508) granting a pension to Mary A. Redd; to the Committee on Invalid Pensions.

By Mr. DAVEY: A bill (H. R. 11509) granting an increase of pension to R. Elvina McDonald; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11510) granting an increase of pension to Harriet M. Shaw; to the Committee on Invalid Pensions.

By Mr. DEAL: A bill (H. R. 11511) authorizing the appointment of Clarence E. Barnes as naval officer, United States Navy; to the Committee on Naval Affairs.

By Mr. DENISON: A bill (H. R. 11512) granting an increase of pension to Ellen Williams; to the Committee on Invalid Pensions.

By Mr. KETCHAM: A bill (H. R. 11513) granting a pension to Jennie Dickinson; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H. R. 11514) to provide for the retirement of ex-Cadet Jay Earnest Schenck as a second lieutenant of Infantry, United States Army; to the Committee on Military Affairs.

By Mr. FRENCH: A bill (H. R. 11515) granting a pension to Richard King; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 11516) granting a pension to Lucinda Geary; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 11517) granting an increase of pension to Ayner Browne; to the Committee on Pensions.

Also, a bill (H. R. 11518) granting an increase of pension to Frances H. Underwood; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 11519) granting a pension to Annie R. C. Owen; to the Committee on Pensions.

By Mr. MOREHEAD: A bill (H. R. 11520) granting an increase of pension to Alice A. Minick; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 11521) granting a pension to John Nidy; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 11522) to ratify and confirm an extension of lease given by the Seneca Nation of Indians for the right to excavate sand on the Cattaraugus Reservation in the State of New York; to the Committee on Indian Affairs.

By Mr. SEARS of Nebraska: A bill (H. R. 11523) authorizing the redemption by the United States Treasury of 20 war-savings stamps (series 1918) now held by Dr. John Mack, of Omaha, Nebr.; to the Committee on Claims.

Also, a bill (H. R. 11524) refunding to Pontus Hilmer Bergstrom the sum of $100, with interest from December, 1919, being money expended for an operation from disabilities incurred while in the naval service; to the Committee on War Claims.

By Mr. SMITH: A bill (H. R. 11525) granting a pension to Sadie Humphrey; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 11526) granting an increase of pension to Mary Campbell; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 11527) granting a pension to Nettie Shaw; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 11528) granting an increase of pension to Kate Mount; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11529) for the relief of John L. Eveleigh; to the Committee on Claims.

By Mr. TAYLOR of Colorado: A bill (H. R. 11530) granting a pension to Dorthula E. Smith; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 11531) granting a pension to Jacob L. Walker; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 11532) granting a pension to Linnie Bentley; to the Committee on Pensions.

Also, a bill (H. R. 11533) granting a pension to Mary Ash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11534) granting a pension to Martha M. Ellison; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 11535) granting a pension to Margaret S. Gossett; to the Committee on Invalid Pensions.

By Mr. WILSON of Indiana: A bill (H. R. 11536) granting an increase of pension to Anna M. McKain; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11537) granting an increase of pension to Catherine Mayer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11538) granting a pension to Robert D. McCoy; to the Committee on Invalid Pensions.

By Mr. WOOD: A bill (H. R. 11539) granting an increase of pension to Eliza Hatten; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3400. By Mr. CONNERY: Petition of the board of directors of the Boston Real Estate Exchange, urging the defeat of Senate bill 3764 and House bill 11078, which propose the creation of a rent commission for the District of Columbia; to the Committee on the District of Columbia.

3401. Also, petition of the Massachusetts Trust Co. Association, approving the resolution adopted by delegates of the National Association of Supervisors of State Banks urging the elimination of certain parts of section 9 of the Federal reserve act; to the Committee on Banking and Currency.

3402. Also, petition of the Massachusetts Bar Association, urging the passage of Senate bill 3363, increasing the salaries of the Federal judiciary; to the Committee on the Judiciary.

3403. By Mr. FULLER: Petitions of the Rockford (Ill.) Real Estate Board and the Chicago Real Estate Board, protesting against the passage of the bills (S. 3764 and H. R. 11078) establishing a permanent rent commission; to the Committee on the District of Columbia.

3404. Also, petitions of the Rotary Club and the Chamber of Commerce, both of Peru, Ill., opposing legislation to give the Sanitary District of Chicago the right to continue indefinitely the pollution of the Illinois River with sewage to the detriment of the cities and people in the Illinois Valley; to the Committee on Rivers and Harbors.

3405. By Mr. GALLIVAN: Petition of executive committee of the Massachusetts Trust Co. Association, unanimously approving the resolution adopted by the delegates of the National Association of Supervisors of State Banks at their twenty-third annual convention, held at Buffalo, N. Y., on July 21, 22, and 23, 1924, with regard to the relationship of State banking system with the Federal reserve system; to the Committee on Banking and Currency.

3406. By Mr. GUYER: Petition of Princeton Post, No. 111, Department of Kansas, G. A. R., protesting the passage of Senate bill 684, authorizing the coinage of 50-cent pieces in commemoration of the commencement on June 18, 1923, of the work of carving on Stone Mountain a monument to the soldiers of the Confederacy; to the Committee on Banking and Currency.

3407. By Mr. KETCHAM: Petition of citizens of Benton Harbor, Mich., protesting against Senate bill 3218, providing for compulsory Sunday observance; to the Committee on the District of Columbia.

3408. By Mr. O'CONNELL of New York: Petition of the Jamaica Community Branch, Young Men's Christian Association of Brooklyn and Queens, New York, urging the Foreign Relations Committee of the Senate to report the resolution providing for the participation of the United States in the World Court on the Harding-Hughes terms so that it may be voted upon by the whole Senate; to the Committee on Foreign Affairs.

3409. By Mr. PEAVEY: Petition of J. O. Marsh and other citizens of Superior, Wis., opposing the passage of the compulsory Sunday observance bill (S. 3218) for the District of Columbia or the enactment of any other religious legislation; to the Committee on the District of Columbia.

3410. By Mr. SEGER: Petition of Charles E. Dietz, Thomas Barbour, and 70 other residents of Paterson and vicinity, against passage of Senate bill 3218, compulsory Sunday observance bill for the District of Columbia; to the Committee on the District of Columbia.

3411. By Mr. TILLMAN: Petition of residents of the State of Arkansas, opposed to the compulsory Sunday observance bill (S. 3218); to the Committee on the District of Columbia.

3412. By Mr. WILLIAMS of Michigan: Petition of Alex Franz and 36 other residents of Charlotte, Mich., protesting against the passage of Senate bill 3218, the so-called Sunday observance bill; to the Committee on the District of Columbia.

SENATE

MONDAY, *January 12, 1925*

(*Legislature day of Monday, January 5, 1925*)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Farrell, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 62) to create two judicial districts within the State of Indiana, the establishment of judicial divisions therein, and for other purposes.

The message also announced that the House disagreed to the amendments of the Senate to the bill (H. R. 10404) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1926, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MADDEN, Mr. MAGEE of New York, Mr. WASON, Mr. BUCHANAN, and Mr. LEE were appointed managers on the part of the House at the conference.

ANNUAL REPORT OF THE PUBLIC PRINTER

The PRESIDENT pro tempore laid before the Senate a communication from the Public Printer, transmitting, pursuant to law, the annual report of the operations of the Government Printing Office for the fiscal year ended June 30, 1924, which was referred to the Committee on Printing.

MEMORIAL

Mr. WARREN presented a memorial of sundry citizens of Medicine Bow, Wyo., remonstrating against the enactment of any Sunday observance or other religious legislation applicable to the District of Columbia, which was referred to the Committee on the District of Columbia.